

كذا من الأصل

Friday December 20 1974
No 59,275
Price eight pence

THE TIMES

Difficulties and delights
of giving up
the rat-race, page 12

Business rents freeze to end early next year

Property shares rose on the stock market yesterday after Mr Crosland, Secretary of State for the Environment, announced an early end to the commercial rent freeze. In a written Commons reply, Mr Crosland said the freeze on business rents had

affected the economy in ways the previous Government could hardly have envisaged when they imposed it. The decision could be interpreted by militant trade unionists as a breach of social contract, our Financial Correspondent writes.

Property shares go up

By John Plender
Financial Correspondent

The Government yesterday took decisive action to prop up the banking system by announcing an early end to the commercial rent freeze. In a written Commons reply, Mr Crosland, Secretary of State for the Environment, said that commercial rents throughout the United Kingdom would be allowed to rise to contractual levels from March 19, 1975.

The move, which could be interpreted by militant trade unionists as a breach of the social contract, sparked off a rapid rise in property shares on the stock market. It was also welcomed by leaders of the property industry.

In his statement, Mr Crosland said that the freeze on business rents "is now widely regarded as affecting parts of the economy in ways that even the previous Government can hardly have envisaged when they imposed it. Much savings and investment money, for example, has been held back from commercial property, which also

constitutes an important credit base for industry.

"The Government, through their land legislation, are acting to secure to the community the values in development which hitherto have gone to the speculator. A healthy market in commercial property is necessary for the achievement of the Government's social and economic objectives."

In the past few weeks the Government is understood to have become increasingly concerned about the effect of a demoralized property market on the banking system. Total bank advances to the property and construction sectors stand at an abnormally high level of about £5,000m, reflecting the rush of money into property during the huge expansion of the money supply during 1971-73.

The subsequent contraction in the rate of growth in the money supply, combined with the rent freeze and new fiscal penalties on property, has brought the property market close to standstill. Much of the cash in the banking system has

therefore been frozen and the security for loans eroded.

The Government's decision is clearly intended to reduce the losses that the banks will incur because of the fall in property values. It will also increase the banks' ability to satisfy industry's need for finance, which is expected to grow rapidly in 1975.

Over the last nine months insurance companies and pension funds have been reluctant to buy property, in spite of repeated assurances from the Government that the rent standstill would be lifted in 1975. Mr Crosland said that an order will be laid under the Counter-Inflation Act, 1973, to provide for the end of the rent freeze on February 1. It will ensure that no business tenant paying a rent frozen below the contractual level on that date can have his rent increased until the landlord has given notice as the order will provide. The practical effect of the order will be to allow those rents to be increased to the contractual levels on March 19.

Financial Editor, page 17

Whips see new danger to Labour discipline

By David Wood
Political Editor

In spite of taunts from Mr Heath in the Commons yesterday that he was not prepared to support his own Chief Whip, Mr Wilson gave no hint yesterday that he means to deliver any warning to the 54 Labour backbenchers who rebelled against a three-line whip in last Monday's defence debate, or call for the removal of the eight dissenters who are serving as FPs to ministers.

Mr Wilson has so far undertaken to do is to discuss party loyalty and discipline in a general way at a meeting of the Parliamentary Labour Party at the Commons after the Christmas recess.

There seems little doubt that Mr Mellish's position has been weakened by first resigning and then being persuaded to continue to serve. Some of his colleagues in the whips' office hint that his authority must be less now than Mr Wilson has given no public sign of support for his view that a three-line whip must be obeyed.

As Mr Mellish and his staff in the whips' office see it, there are new dangers for Labour Party discipline. It is suspected, though not easily provable, that the Tribune group of left-wingers is effectively operating a whip within the PLP whip. The formation this week of the Manifesto group by moderate Labour MPs, as a counterweight to the Tribune group, creates the danger of even more factional whipping.

Some whips do not think it fanciful to foresee a time when, if present tendencies persist, the government Chief Whip will have to bring the leaders of the party factions into managerial discussions to be sure that he can carry a division.



Mrs Mary Wilson with two of the "children of courage" to whom she presented awards at Westminster Abbey yesterday. Kathy Hoggins, aged 12, of Belfast, is nursing her mother, who has cancer. Joyan Patel, aged 10, of Brockley, London, defied a gunman.

Abortion on demand allegation after survey

By Peter Scott

Grave allegations that abortions are available on demand to those who can afford to pay, that abortions are carried out after the legal limit of 28 weeks of pregnancy, and even that foetuses are being sold to soap factories, are made in a new book on the Abortion Act published today.

The book, with the emotive title *Babies for Burning: The Abortion Business in Britain*, is the work of two London journalists, Mr Michael Litchfield and Miss Susan Kenish, who visited abortion clinics and Harley Street doctors anonymously and with a hidden tape recorder.

Its publication has been delayed for several weeks by three injunctions taken out by organizations and individuals named in the book. The last of the injunctions was lifted yesterday.

Last April a committee of inquiry set up in 1971 under Mrs Justice Lane generally approved of the way the 1967 Abortion Act was operated, but recommended that the legal time limit for abortions should be reduced from 28 to 24 weeks of pregnancy. Its terms of reference did not provide for any examination of the ethics of abortion.

Mr Litchfield and Miss Kenish comment: "There should still be abortion available for genuine life or death medical reasons. But the iniquitous social clause must go." That clause allows a doctor to carry out an abortion if he is satisfied that the continuance of the pregnancy would involve risk to the physical or mental health of the pregnant woman greater than if the pregnancy were terminated.

The two reporters carried out their inquiry by visiting clinics and doctors posing as an married or occasionally a married couple in search of an abortion. Their conversations were recorded on tape.

They made no attempt to invent a convincing reason for desiring an abortion and normally confined themselves to the simple statement that they did not want the baby. On occasions they attempted to incite the doctor or clinic counsellor to refuse them an abortion by giving extremely frivolous and selfish reasons, such as that having a baby would interfere with their social life.

At other times Miss Kenish pretended to have some doubts about whether she really wanted an abortion, but again no one tried to persuade her to have the baby, they say. In most cases the two doctors who must sign the form authorizing abortion under the 1967 Act were prepared to accept her word that she did not want to continue with the pregnancy.

Although the possibility of obtaining an abortion on the National Health Service was sometimes raised, they were usually told that doctors working in private clinics were more "liberal minded" as to the grounds on which they could authorize an abortion.

Other doctors interviewed by the two reporters took a less straightforward view. One with a surgery in Wimpole Street was not completely convinced.

Continued on page 2, col 4

Rockefeller nomination ears end of final lap

By Patrick Brogan
Washington, Dec 19

The United States will have Vice-President again today. House of Representatives a cursory debate, will vote confirm Mr Nelson Rockefeller's nomination and he will be sworn in in the Senate.

The scene will be televised. This will be the first time television has been used in the chamber. Mr Ford was sworn in as Vice-President on December 6 last in the House of Representatives.

resident Ford will drive Mr Rockefeller up Pennsylvania Avenue to the Capitol, as outgoing Presidents are wont to do on inauguration day. The occasion will be rather more jolly than the last vice-presidential taking. Everyone was then glad that Mr Ford had succeeded Mr Agnew, but President Nixon's presence in the White House was a source of over proceedings.

Mr Rockefeller, former Governor of New York, whose record in government goes back to early days of the Second World War, will be the country's forty-first Vice-President. As a congressman he was asked when his name was announced, "He has just got to be better than all other Presidents and Vice-Presidents put together."

took Congress two months to approve Mr Ford's nomination. Vice-President Agnew was disgraced when he was tried even then to be most likely that he would succeed as President before Mr Ford's term expired.

took Congress four months to confirm Mr Rockefeller, though his chances of reaching the White House are no more than were those of his predecessors. Gerry, Daniel Tompkins, George Dallas, Hannibal Hamlin, Schuyler Colfax and Arthur Hobart. A list of Vice-Presidents, in literary anonymity, reads a list of Nobel literature winners. Only 13 of Mr Rockefeller's 40 predecessors have come from the same party. Mr Ford determined to see election in 1976, Mr Rockefeller's chances of making much seem slight. He is 66.

ord appointments, page 5

MPs hope for a pay rise after issue goes to Boyle committee

By Our Political Staff

The pay and allowances of MPs are to be referred to Lord Boyle's top salaries review body. In announcing that to the House of Commons yesterday Mr Short, Lord President of the Council, gave no assurance that any recommendations made will automatically be implemented. But the general expectation of the House was that they could look forward to their first salary increase since January, 1972, when it rose from £3,250 to £4,500.

Details of the scheme for providing financial assistance to the opposition parties were also given by Mr Short, who in addition announced two further inquiries, one to consider improvements in the facilities available to backbenchers, the other to examine whether public money should be given to political parties for their work outside Parliament.

A statement is to be made by the Prime Minister today on the review body's report recommending large increases for the heads of the nationalized industries, senior civil servants, judges and others. The report has clearly caused the Government some embarrassment and the timing of the statement as it comes at the end of the year is significant.

The statement on MPs' pay

met with a mixed reception. Many members accepted the force of Mr Short's assertion that a number of MPs were labouring under financial strain.

Mr Christopher Tugendhat, Conservative MP for the City of London and Westminster, South, emphasized the necessity of paying MPs and ministers the rate for the job when compared with the earnings of senior civil servants and those in positions of responsibility in the private sector. But the point was made that with the country facing such economic difficulties it was not the time for members to be providing for pay increases for themselves.

A number of MPs were sensitive to the delicacy of their position in this respect. There were suggestions that any extra money should be concentrated on payments for research and administrative assistance rather than raising salaries, that future reviews should be annual to avoid the danger of occasional reviews which were consequently larger when they came and attracted unfairly hostile publicity, and that the pay of MPs should be taken out of politics by tying it to the income of some grade in the Civil Service.

If those matters will come within the scope of the review body, it has been asked to cover

all aspects of parliamentary remuneration, including pensions. In particular it is to consider a mechanism for regular reviews so that MPs do not suffer greater hardship from inflation than the rest of the community and its attention has been drawn specifically to the possibility of linking salaries to a Civil Service grade.

Peers' expenses allowances are also to be reviewed, bearing in mind that a single rate of allowance does not take into account the variation in expenses incurred by those coming from different parts.

The formula for determining financial assistance to opposition parties in the House, £500 a seat and £1 for every 200 votes with an upper limit for the House of Lords, was also under some criticism from David Wigley, MP for Caerzaron, on behalf of Plaid Cymru. But the innovation seems, in general, to have satisfied the parties concerned.

A select committee of 11 members was set up yesterday to examine the support facilities available to backbenchers, and an independent committee is to be appointed shortly after Christmas to consider whether the House should be made available to political parties for their work outside Parliament.

Parliamentary report, page 10

IRA may end its silence today on Ulster truce

From Stewart Tendler
Belfast

Republican spokesmen in Belfast expect the Provisional IRA to issue a statement today to resolve speculation about a ceasefire. Yesterday Protestant churchmen got in touch with the Provisionals to tell them of the results of talks in London on Wednesday with Mr Rees, Secretary of State for Northern Ireland.

Another controversial topic in Ulster, the offer by the Ministry of Defence of £42,000 compensation for relatives of the 13 men killed in Londonderry, was being widely discussed in Belfast yesterday. It was learnt that the 20 relatives, after a meeting at the Creggan, in Londonderry, had agreed to accept the compensation.

Wednesday's meeting between churchmen, Mr Rees and five civil servants was at the Commons in the evening and lasted an hour. Mr Rees was told of

proposals from the Provisionals but the churchmen refused afterwards to say what they were.

Last night one of the churchmen, the Rev William Arlow, secretary of the Irish Council of Churches landed at Dublin airport and was reported to be on his way to meet Provisional contacts. Later he left for Belfast.

The churchmen issued a statement after the Commons meeting in which they said they told Mr Rees of their meeting at Feakle, Co Clare, with the Provisionals and the response to suggestions for creating a ceasefire. The statement said Mr Rees made it clear that a ceasefire would produce a British response.

That was as far as any of the churchmen would go in saying what they were or reply was brought back across the Irish Sea but one source close to the

Continued on page 2, col 1

Police investigate injuries to bomb defendants

By Clive Borrell

Senior police officers are investigating allegations that six men accused of murder after the public house explosions in Birmingham last month in which 21 people died, suffered injuries at the hands of prison staff after their arrest.

The investigation was ordered after five of the six accused appeared in the dock at Birmingham magistrates' court showing obvious signs of facial injury, including black eyes, cuts, grazes and swellings.

Lawyers for the accused made representations to the police after their appearance in court on November 28.

Sir Derrick Capper, Chief Constable of the West Midlands force, ordered an immediate investigation after a number of solicitors had got in touch with him.

Mr David Owen, Assistant Chief Constable of Lincolnshire, has been appointed to conduct the investigation with other senior officers.

A spokesman for West Midlands police said in Birmingham last night: "An investigation is being conducted into certain alleged criminal matters."

The Home Office confirmed: "The question of how these men received their injuries is the subject of a police investigation and we cannot comment further."

Parliamentary report, page 10

Fire victims

Seventeen of the victims of the fire at Fairfield Old People's home near Nottingham People's home near Nottingham died on Sunday. A fire of gas and one of heat failure, the inquest was told yesterday before being adjourned for a month.

Design work to begin on British Library

Design work for the building of a new British Library on former railway land in Euston Road, London, is to go ahead in the face of continued opposition by the library board, who remain committed to the Bloomsbury site. Mr Hugh Jenkins, minister responsible for the arts, said yesterday that

plans would be drawn up so that construction could begin in 1979-80. He added that use of the land adjoining the British Museum would involve the kind of large-scale development and disturbance towards which public attitudes had much changed. The Euston Road site was less than a mile away.

Page 4

Mr Callaghan sets out powerful case for staying in Europe

Mr Callaghan, the Foreign Secretary, revealed himself in the Commons last night to have become about as confirmed a Europeanist as divisions within the Labour Party allow. Our Parliamentary Correspondent

writes. He presented possibly the most powerful case for Britain remaining inside Europe that has been made from the Government benches since Labour returned to power.

Page 2

Export prices rising fast

British export prices are now rising quickly, but the actual volume of goods sold overseas is falling sharply. Official figures published yesterday by the Department of Trade showed that export prices were increasing twice as fast as import costs during November. This threatens to make British goods increasingly uncompetitive in foreign markets.

Page 15

Gold warning by the Shah

The Shah of Iran warned Western powers yesterday that by revaluing gold holdings up towards the collapse of the whole monetary system.

He said that any such move would force considerable increases in oil prices.

Page 15

Closed shop talks end in deadlock

Mr Foot, Secretary of State for Employment, discussed with editors yesterday the closed-shop principle of the Trade Union Bill, but the meeting ended in deadlock. Some editors, however, believe the Bill may be delayed by concern over its implications for freedom of speech by some Labour ministers and MPs.

Page 2

Nelson touch

Turning a blind eye to Moscow's denial of any deal linking trade concessions with emigration policies, the United States Congress hurried to give the Trade Reform Bill its final blessing. Kremlin-watchers saw the denial as face-saving vis-à-vis the Arabs.

Page 5

'The Times'

We apologize to readers, wholesalers and newsagents who did not receive their copies of *The Times* yesterday. Industrial action by the National Graphical Association prevented publication of our normal print order.

Home News	2-4	Engagements	14	Snow Report	8
European News	4	Features	6, 12	Sport	3, 9
Overseas News	5, 6	Law Report	13	TV & Radio	23
Appointments	7	Letters	13	Theatre, etc	6, 7
Arts	7	Obituary	13	25 Years Ago	14
Business	15-17	Pamphlets	14	Universities	14
Chess	14	Parliament	10	Weather	2
Court	14	Property	22	Wills	14
Crossword	12	Sale Room	3, 14		
Diary	12	Science	9		

Sale room gloom: Turnover in Sotheby's and Christie's autumn season has fallen by a quarter, reflecting fewer sales and lower prices.

Rome: The Pope urges the "disarming of minds" to avoid future wars in a message for Catholic Day of Peace.

Washington: Former aide to Mr Nixon must spend four months in prison for falsifying income tax returns in 1970.

Johannesburg: South Africa considers whether to stay in the United Nations after attacks over Namibia.

The Brazilian hitch: An eight-page Special Report on investment and development.

On other pages

Leader page, 13
Letters: On public lending right from the Secretary of the Library Association; Israel and Unesco from Dr Eliezer Yagur; the blood stock industry from the Chairman of the British Bloodstock Agency.

Lead articles: The Shrewsbury Prison; India and Bhutan; German prison hunger strike. Features, pages 6 and 12
John Young describes how a Welsh valley became a Utopia for the international bookworm.

Christopher Bertman on military detente in Europe; Victoria, Britain, peace on the cheap has left South Vietnam on the brink of defeat.

Diary
The cost of giving all the gifts in the survey's and Christmas Day of Christmas is 70 per cent higher this year than last.

Arts, page 7
David Robinson on new films in London; Irving Wardle on Rembrandt the Truth Denier; Sheridan Morley on *Cinderella*.

Obituary, page 14
Mr Thomas Jackson: Senator Wilfred Kitchin.

Sport, pages 8 and 9
Footie: A promising confident of Josie; Rugby Union: Three withdrawn from final England trial; Cricket: MCC in Australia; Racing: Prospects and programmes for Chertsey and Teesdale Park.

Business News, pages 15-21
Stock market: Property shares rose sharply on the news that the freeze on United Kingdom commercial rents will be lifted. The FT index added 2.2 to 163.3.

Financial Editor: Banks and the end of the freeze on commercial rents; Bulmer comes under pressure. Unigate figures are better than expected.

Business features: The British Steel Corporation's case for raising its prices; by Peter Hill; Kenneth Owen discusses a fresh assessment of the prospects for using the tides to generate electricity.

Business Diary: Good times for the diary publishers: BSC's new man in Iran.

British Rail asks the Treasury for £341m

By Michael Bailly
Transport Correspondent

British Rail has asked for a grant of £341m to keep its passenger services going in 1975. Mr Mulley, the Minister for Transport, disclosed in a written parliamentary reply yesterday. A spokesman for the Department of the Environment said later that British Rail would not necessarily get the money.

This is British Rail's first call on the £900m (extendable to £1,500m by Parliament) provided, it was hoped for five years, to support the entire passenger system under the Railways Act, 1974.

The figure can be compared with the £81m budgeted last January for loss-making passenger services this year, or with the £330m British Rail is thought to need from the Treasury to meet its 1974 deficit.

To comply with EEC regulations, the £341m takes the form of compensation to British Rail for uncommercial activities that the Government has directed it to carry on.

Mr Mulley said yesterday that, while he had directed the British Railways Board to provide a service roughly comparable with the present one, changes in the size and quality of the service, including further possible closures, were not excluded.

Continued on page 2, col 4

Rough Year?

Have a little smoothness for Christmas

50 Cents Price Mchela

Dewar's
FINE SCOTCH WHISKY
DEWAR & SONS LTD
PERTH SCOTLAND

Blended for smoothness - it never varies

HOME NEWS

Fewer sales and lower prices bring turnover at two big sale rooms down with a bump

By Geraldine Norman
Sale Room Correspondent

Sotheby's and Christie's yesterday announced dramatically lower turnover figures for the autumn season. Sotheby's total turnover for October to December amounted to £27,423,000, compared with £36,395,803 last year. Christie's turnover is down to £12,797,000 from £16,531,000 last year. In both cases the fall is around a quarter.

Both auction houses now report their turnover figures net of unsold lots. The fall thus reflects the combined impact of lower prices and a smaller sold proportion of the total number of lots on offer.

Christie's provide detailed figures by departments; the turnover in Impressionist and modern pictures is down by about a third. Oriental porcelain and works of art is slashed from £1,290,000 to £552,000. Old Master paintings are down by about a fifth and the turnover in modern British paintings is down by about three-fifths.

By contrast, jewellery turnover in London is up and the Geneva total is hardly changed. The turnover in coins and medals is up by two-fifths and turnover in arms and armour,

books, icons, and costumes and dolls are all higher. It is remarkable that Christie's, in spite of the collapse in prices, this reflects a massive increase in the volume.

Sotheby's announcement of their autumn results is a masterpiece of understatement. In giving this year's figures they have omitted to note that they are lower than 1973. They list the strongest markets of the last three months and mention first Impressionist and twentieth-century pictures.

Many would argue that this has been one of the weakest markets. They mention that Jean Dubuffet's "Echange de Vues" sold for £145,259 in a Parke Bernet sale whose net total was £980,000. They do not mention that the gross total of the sale, that is including unsold lots, was £2,045,192. Failure to sell more than half the goods on offer is not exactly a bull point. Nevertheless they say: "Clients who have felt the need to sell in order to raise money have realized prices which clearly demonstrated that... the fine art market is remarkably buoyant."

Sotheby Parke Bernet's turnover in New York and Los Angeles is down from £16,900,000 to £10,900,000.

Help for Arabs: Mr Andrew Faulds, Labour MP for Warley, East, a keen pro-Arabist, and

former frontbench spokesman for the arts, yesterday announced the formation of a purchasing panel to advise Arab countries on the acquisition of antiques, works of art and jewellery. The panel is headed by Mr Hugh Leggett, the St James's picture dealer, with whom Mr Faulds worked closely in the fight against museum charges.

Mr Leggett has brought together a team of specialist dealers, including Mr Roger Bluett, for Oriental art and ceramics, Mr Martin Mortimer of Delomonte for fine glass and porcelain, Mr Michael Rossi, of Walter R. Wilson, for gold and silver, Mr Manfred Seymour for antique and modern jewelry and Mr Denis Wrey, of the General Trading Company, for furniture and objects d'art.

The panel would be prepared to act as advisers and buying agents (not direct suppliers) for museums and private collectors from Arab countries. Curiously enough, none of the panel speaks Arabic or has previously had much contact with the Arabs. Their role is seen as the protection of new buyers from the machinations of the international art market. Mr Faulds said it was "to enhance our relations with the Arab world and to preserve the integrity of the London art market."

Harpesichord at £4,725 page 14

Government plans for consultants today

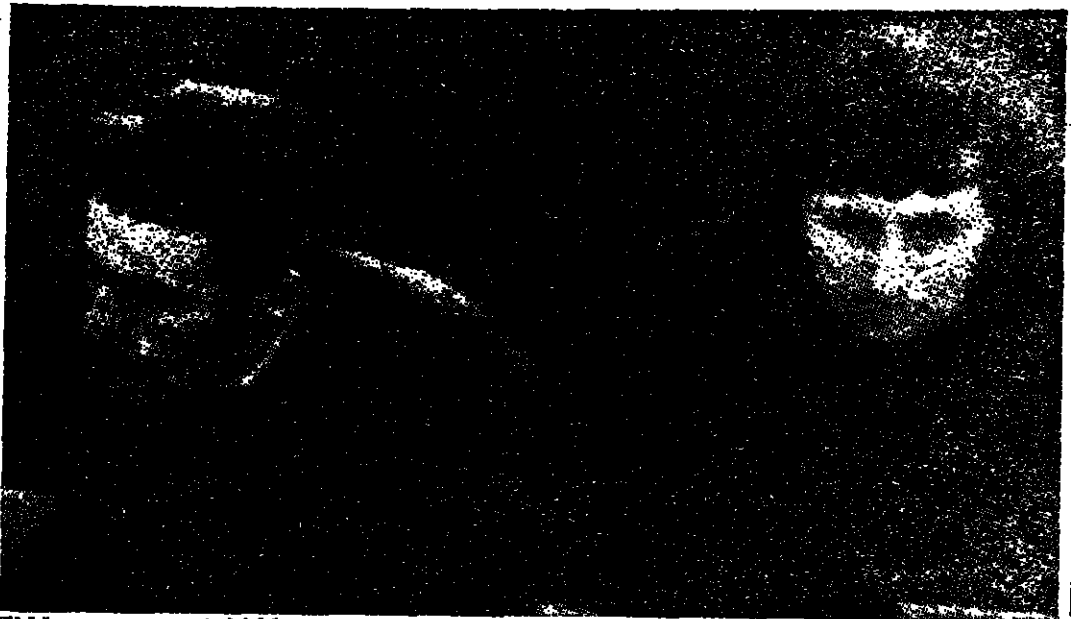
By John Roper

Senior hospital consultants are to meet government representatives today for discussions that will show either that the point of confrontation has been reached or that the talks which began six months ago are worth continuing.

Dr Owen, Minister of State at the Department of Health and Social Security and chairman of the working party considering the new contract and arrangements for private practice, will make a full statement of the government position. Under pressure from members who have already decided to work to contract, the staff side has said that unless two basic principles are met, talks cannot go on.

The points are that consultants' pay from the National Health Service must be solely for the 33½ to 37½ contractual hours worked and that outside that time they must be free to work as they wish. Most consultants work about 60 hours a week in hospital and they are drawing attention to their view that their pay does not reflect their dedication.

Sanctions plan: Seventy hospital consultants in the South-east Thames Regional Authority area, stretching from Brighton to Thanet, begin sanctions from January 2. (The Press Association reports). They will work to "contractual hours", a total of 38½ hours a week.



Hidden camera: A hidden security camera took photographs during a raid on the Clydesdale Bank in Ingram Street, Glasgow

nine days ago, it was disclosed yesterday. Police have issued this photograph of two men they wish to interview.

More protection for holidaymakers

By Arthur Reed

Holiday makers will receive increased protection against the financial collapse of package tour companies during the 1975 season as a result of new regulations announced in London last night.

The Civil Aviation Authority has told air travel organizers that the bonds required from them will be increased from 7.5 per cent to 10 per cent from April 1 in the case of members of the Association of British Travel Agents (ABTA), and from 12.5 per cent to 15 per

cent for others. This means that the percentage of the annual turnover of the travel companies which is placed in bond for the repayment of holiday money in the event of a failure is substantially increased by the authority.

The authority said it was considering a revision of the bonding system after the failure of the Court Line travel group.

After the Court collapse, the Government also promised protection for the holidaymakers, but it has announced no definite scheme so far.

Court Line hope: Holiday-makers who lost money when Court Line crashed will be repaid as soon as possible, the Association of British Travel Agents said yesterday. The promised repayment formed part of an agreement between the Government and the association aimed at protecting holidaymakers in the future (the Press Association reports).

The association said the Government had accepted its plans in principle and legislation would be introduced soon after Christmas.

Move to get benefit for disabled housewives

By Our Political Staff

Mr Lewis Carter-Jones, Labour MP for Eccles, had the backing of eight Conservative MPs in the standing committee on the Social Security Benefits Bill yesterday in carrying an amendment to entitle severely disabled housewives to the new non-contributory invalidity benefit. It was carried by nine votes to eight.

Mr Kenneth Clarke, MP for Rushcliffe, who leads for the Opposition on the Bill, said afterwards: "It was quite disgraceful that the Government should have thought that it could exclude disabled housewives."

Mr David Price, Conservative MP for Eastleigh, whose wife is disabled, said that backbench action had produced an excellent result. "This will be a wonderful Christmas present for the severely disabled housewife," he said.

In the committee Mr Price said: "A disabled housewife has a frustrated yesterday, a frustrated today, and a frustrated tomorrow. If the housewife's disability benefit were set at the same level as the non-contributory invalidity pension, namely at £6.90 a week, I calculate that, on a total of some 40,000 beneficiaries, the cost would be about £14m a year."

Jail sentences and £60,000 fines for vice syndicate

Seven men convicted of running a big vice ring in Soho and Mayfair were jailed at the Central Criminal Court yesterday and fined a total of £60,000. The heaviest sentence was on Leonard Silver, aged 52, a Soho club owner, of Wilton House, Knightsbridge, London, who was jailed for six years and fined 30,000.

Two other members of his syndicate, which operated for 18 years, were each jailed for five years. They were Emmanuel Artolo, aged 42, who was also fined £15,000, and Anthony Angion, aged 48, a property developer, who was fined 10,000. Frank Melito, aged 41, was quitted on the main Soho vice charge but found guilty of erasing a similar but smaller organization in Mayfair with other men, who escaped. Mr Melito was jailed for four years and fined £5,000.

Victor Micallef, aged 33, tried as a collector on his way to becoming a more eminent member of the syndicate, was jailed for three years. Joseph Isard, aged 41, a carpenter, who acted as a syndicate's broker and collected rents from prostitutes was jailed for two years.

A seventh man, Romeo Saliba, aged 56, of Almeida Street, Hammersmith, who admitted his part both in the Soho and Mayfair rings, came back from his exile in Britain, where he had been living, under the need for a re-sentence that he would be

a prosecution witness. He unexpectedly found himself accused.

In those circumstances, the judge said, he would take an exceptional course and pass a nine-month jail sentence, which meant that Mr Saliba would be released quite soon. He had spent three months in solitary confinement for his own safety while awaiting trial.

Mr Silver, Mr Mangion, Mr Bartolo, Mr Micallef and Mr Melito were found guilty on Wednesday of conspiring together and with others to live off the earnings of prostitution in Soho between January, 1964, and December, 1973. Mr Melito, of Sussex Gardens, Paddington, was found guilty of conspiring with a man not in custody to live off the earnings of prostitution in Mayfair. Mr Saliba pleaded guilty to both those charges.

Mr Mangion, of Eccleston Square, Westminster, and Mr Bartolo, of Bramber Road, North Finchley, were slightly less culpable than Mr Silver, the judge said. But each had "performed greatly" from involvement with the other conspirators.

Mr Micallef, of Alexander Road, Upper Holloway, London, who admitted two charges of possessing firearms without a certificate, was given three months' imprisonment on each charge, running concurrently with three years for the vice charge.

New chair for research into rain damage of the unborn

By John Chartres

The creation of a new professional chair in child growth and development at Manchester University medical school was announced in Manchester yesterday.

The work of the department, made possible by a £1,000 grant from Action Research for the Crippled Child, has been devoted to research into causes of brain damage in unborn babies, from conception until three or four years after birth.

The first incumbent of the chair is Professor John Hing, previously senior lecturer in child health at the university, whose work on human development is internationally recognized. He said yesterday that he and his department will be

able to build up new information on the critical stages at which a child's brain might be damaged (both before and after birth) and that it will be able to evolve detection techniques which would show, at the earliest possible stage, whether an unborn child had succumbed to damage which would result in disastrous illnesses such as mongolism or spina-bifida.

This particular line of research, he said, could help a mother, her husband and her direct medical advisers to make a decision on whether a pregnancy should be terminated. A ceremonial handing over of the £200,000 cheque by Mr Duncan Guthrie, director of Action Research, had to be called off after the bag containing it was impounded in a British Rail security check.

Teacher cleared of killing spasser

Richard Fountain, aged 42, a plumber, of St Dionis Road, West London, was found guilty at the Central Criminal Court yesterday of the murder or manslaughter of Mr P. Collins, aged 52, a former petty officer, who lived in Rye Road, Fulham.

Fountain said he had had a sword at Mr Collins, had barged into his house, were him off and protect three pet dogs from attack.

The intruder, who was "resistant and violent", staggered on to the blade and suffered a seven-inch stab wound in the chest.

Fountain did not know Collins had run on to the blade and was "horribly shocked".

Owner loses in claim against Jockey Club

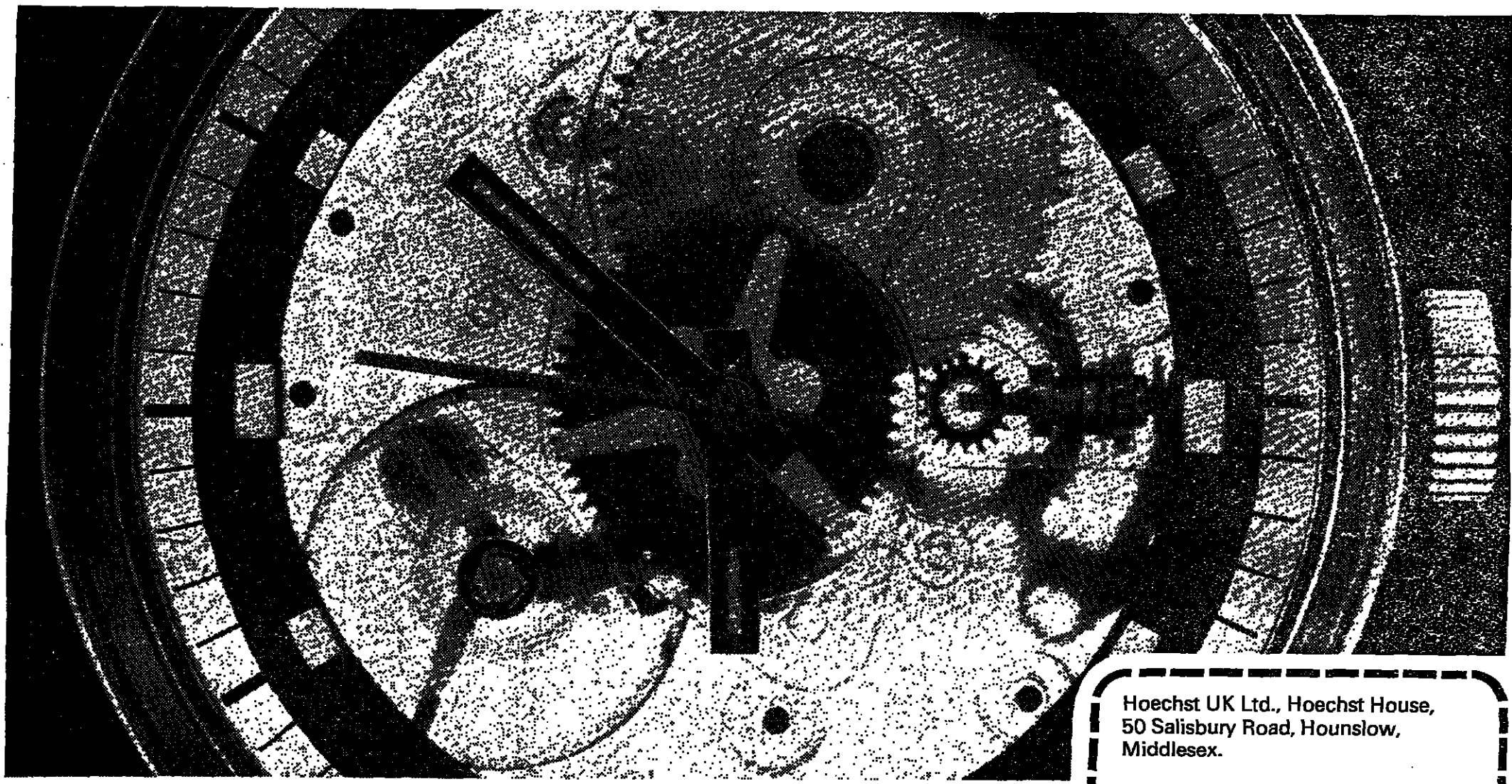
Mr George Green, a racehorse owner, and Mr Albert Davison, a trainer, yesterday lost a High Court case in which they sued the Jockey Club for negligence.

They said that Franwin, Mr Green's six-year-old gelding, had suffered from impaction (a blockage in the gut) giving a routine dope test at Folkestone in 1972.

Mr Justice Waller, in a reserved judgment, held that he was not satisfied that Franwin had eaten straw while in the dope-testing unit.

Mr Green, of Wallington, Surrey, and Mr Davison, of Caterham, had sought to recover damages for the opportunities to win which the horse had missed. Mr Green had claimed damages for being deprived of the pleasure of seeing Franwin run, as he had been unable to race for two months after the incident.

Had the action been successful, the judge said he would have awarded Mr Green only "modest" damages for the loss of pleasure of seeing Franwin run, while £500 "would have been appropriate" for compensation for the loss of chances of winning races. He gave judgment with costs for the Jockey Club.



Astrolon watch, with precision parts from Hostaform, developed and produced by Tissot

A plastic for precision watches

A revolution in precision engineering: wrist watches with a mechanism from plastic components. Hostaform plastic permits injection moulding of the most sophisticated micro-components to a tolerance of a hundredth of a millimetre.

Research sets new standards in precision engineering

Hostaform has opened up new possibilities in precision engineering. Mass production of microparts has become possible. They do not need to be machined and require no maintenance. Moreover, by using a single plastic component from Hostaform, many parts previously needed can often be dispensed with.

Hostaform—the perfect material for precision instruments

Hostaform is ideal as a high stress, low

wear material with maximum precision for watches, computers, telecommunications, cameras, television, radio and tape recorders. The applications of Hostaform are continuously being increased in collaboration with leading industrial companies.

Experts from many fields concentrate on one problem

Hostaform plastic is the result of wide knowledge and systematic collaboration of scientists from a variety of disciplines. This facilitates the comprehensive solution of problems.

Hoechst in Britain

Hoechst UK Ltd., represents Hoechst in this country. Already, over 8,000 people work for us. They're making Hoechst an increasingly important factor in the UK economy.

In commerce, production or research, and simply by helping people to make better use of their resources, Hoechst UK is contributing to British industry, economy and society.

Hoechst UK Ltd., Hoechst House, 50 Salisbury Road, Hounslow, Middlesex.

Please tell me about:

- ☐ Hostaform plastic
☐ Hoechst research

Name _____

Position _____

Address _____

T20/11



Hoechst UK Ltd., Hoechst House, 50 Salisbury Rd., Hounslow, Middlesex. (01) 570 7712.

Hoechst

Hoechst keeps thinking ahead

HELP ICAP
HANDICAPPED CHILDREN
Funds, covenants, legacies
urgently needed
INVALID CHILDREN'S AID
ASSOCIATION
26 Buckingham Palace Rd.
London SW1 9BSS
to help
HANDICAPPED CHILDREN
(Captains)
(Captains)

OVERSEAS

Congress ignores Kremlin denial

From Frank Vogl
US Economics Correspondent
Washington, Dec 19

Both houses of the United States Congress moved swiftly today to ensure enactment of important Bills dealing with trade (despite mystifying denunciations by the Russians), foreign business crises, taxation and rising unemployment.

Congressional leaders deliberately chose to ignore yesterday's bewildering outburst on trade issues from Moscow, as they rushed ahead to reach agreement on a final version of the Trade Reform Bill.

The Bill is almost certain to pass through both Houses within the next few hours, thus paving the way for an early start next year to a new round of trade liberalization negotiations within the General Agreement on Tariffs and Trade.

Because of Moscow's repudiation of having ever given assurances the emigration policies will be eased in return for trade concessions it is now by no means certain whether the Trade Bill will lead to expanded United States-Soviet trade and, more importantly, to an improvement in the general prospects of East-West détente.

Administration officials and congressmen largely take the view that the Russians will go ahead with the lifting of emigration restrictions. Yesterday's statement from Moscow is widely seen as no more than a face-saving public relations exercise by the Soviet leadership, aimed at dispelling the impression that Soviet internal policies have in any manner been modified on account of pressures from Congress.

Edmund Stevens writes from Moscow: Official reaction here to the Tass statement denying that the Soviet Union had promised to relax restrictions on emigration in exchange for trade benefits is not yet available but Western observers tend to agree that it is simply a face-saving gesture for the record. They feel that neither the Tass denial nor the appended Gromyko letter to Dr Kissinger dated October 26, which has been published but quiet diplomacy been allowed to take its course.

Thus, in 1973, the so-called education tax on Jewish emigrants was discontinued without fanfare in response to Jewish representations. Senator Jackson did not then choose to dramatize and publicize the issue for his own political purposes.

But this time, after Senator Jackson's alleged trumpeting of alleged Soviet concessions and claiming credit for them on television, the Russians could hardly afford to remain silent. For one thing, they had to vary about their efforts to improve their image with the Arabs. When President Sadat of Egypt recently called for a 5-year moratorium on immigration to Israel, the message was mainly addressed to the Kremlin which got it.

Superficially, the denial is in line with what has been the official Soviet posture all along. One need only thumb back to the comments by Mr Brezhnev, the party leader, during the Kremlin dinner he gave to American company executives and members of the board of directors of the American-Soviet Trade and Economic Council.

He spiced an otherwise bland, and friendly speech by tating that efforts to make the expansion of trade and economic ties conditional upon the Soviet Union bowing to demands on issues that belonged entirely to its internal competency would fail.

He added: "It's time you realized that such interference in our internal affairs can produce naught but harm." Mr Brezhnev gave warning that such negative tendencies were eliminated further collaboration would be seriously hindered.

His dinner remarks were underlined by Mr Gromyko, the foreign Minister, in his letter to Dr Kissinger 11 days later.



Chinese Army cavalry on exercise in the snow along Sinkiang's border with the Soviet Union. In Moscow reports of frontier clashes were officially dismissed as a fabrication.

Ford mark on new style White House

From Fred Emery
Washington, Dec 19

Announcing that President Ford had "put his house in order", Mr Donald Rumsfeld, the White House chief of operations and coordination, has unveiled the completed staff organization.

Living up to the original pledge of openness, he released the internal staff telephone directory to the press, as well as an office floor layout plan.

It is axiomatic that proximity is power, and there are some important changes. The President himself takes over a "day" adjacent to the Oval Office for more informal working, displacing somewhat further down the hall Mr Robert Harman, who remains, none the less, his closest political adviser.

More substantially, the director of the office of management and budget moves altogether out of the White House West Wing, where Mr Roy Ash and his Nixon regime predecessors had an office. Mr Ash's resignation becomes effective in February.

Cabinet functions previously usurped by the Nixon White House are being returned to the departments at Mr Ford's order.

Five men at the Ford White House are given Cabinet rank. They are Mr Philip Buchen, the President's legal counsel, Mr Harman, who is in charge of all speech writers, as well as political advisers, Mr John Marsh, also ranked as "counsellor", who is in charge of congressional relations and public liaison; and Mr Rumsfeld. The youthful Mr Rumsfeld will not have it that he is the "chiefest" person next to the President, but he is seen to be so.

The fifth—and only departmental head—is Dr Henry Kissinger, who retains the dual function of assistant to the President for national security affairs and Secretary of State.

Two new refreshing concepts were outlined by Mr Rumsfeld. The first is that no one is to consider himself indispensable. Hence there is a system of full-time deputies for each senior post.

The other engaging idea is that the White House and its staff no longer be "separated" from the rest of Government.

Washington, Dec 19.—President Ford today nominated Mr Joseph P. Kamp, a former journalist, as Assistant Secretary of Defence for public affairs. If confirmed by the Senate, he will succeed Mr Jerry Friedman as head of the Pentagon's public affairs division.—Reuters.

Split in East African Community

From Our Correspondent
Nairobi, Dec 19

Relations between Kenya and Tanzania became even more strained today as Kenyans took retaliatory measures against recent actions by Tanzania. Tanzania had closed its roads to traffic between Kenya and Zambia and expelled Kenyans from jobs.

In Kenya, Mr Eliud Mahiu, the Coast Provincial Commissioner, ordered all road traffic on two through roads between Mombasa and Dar es Salaam to be turned back. The official reason is that road work in progress has made the roads impassable.

The East African Railways Corporation has been instructed not to issue passenger tickets between Kenya and Tanzania. The railroads have also been suspended, according to informed sources.

Border posts at ports in the two countries on Lake Victoria have also been closed. The lake steamer Victoria, which does a round trip on the lake, calling at Kenyan, Tanzanian and

Ugandan ports, has been held at the Kenyan port of Kisumu. The ostensible reason is the cholera outbreak in the town this week.

So far as is known, only one border post between the two countries still remains open, at Namanga. But the use of this route for traffic between Mombasa and Dar es Salaam adds about 700 miles to the journey. The East African Community's airline, East African Airways, has not yet been affected.

Yesterday Mr O. G. Mbendela, a Tanzanian employee of the East African Harbours Corporation, who is a port supplies officer at Mombasa, was ordered by the Coast provincial commissioner to leave Kenya by 6 am today. He left last night.

The effective closing of the border has left hundreds of Kenyans stranded in Tanzania, and an equal number of Tanzanians unable to leave Kenya.

Today's moves followed a resolution passed earlier this week by the Mombasa branch of the ruling Kenya African National Union's governing council urging the Government

to dismiss all aliens from neighbouring countries working in Kenya in retaliation for the mass expulsion of Kenyans from Tanzania.

Over the past few weeks a rift between the two countries has widened, in particular because of the Tanzanian decision to close its roads to traffic between Kenya and Zambia.

Both the Kenyan and Tanzanian Governments have protested strongly, but the Tanzanians have remained adamant, allowing only small tonnage vehicles to use the roads.

Although today's moves have been made by the Coast provincial commissioner, it is understood from reliable sources that he was in Nairobi for consultations with senior government officials earlier this week.

Observers in Kenya suggest that this week's actions on both sides of the border, after a long history of dissension between the three partner states, may indicate the imminent break up of the Community, established by the treaty of East African Cooperation in 1966.

FBI forbidden to snoop on socialists

From Our Own Correspondent
New York, Dec 19

A New York federal judge has forbidden the Federal Bureau of Investigation (FBI) to spy on or monitor a meeting of the Young Socialist Alliance. The meeting is to take place in St Louis at the end of the month, and its participants were to court to prevent the FBI from snooping on them.

They argued that action of this sort would inhibit people from attending the meeting, and that if the FBI was allowed to draw up a list of those taking part it might be to their detriment later in life if any of them applied for government jobs.

Judge Thomas Gries ruled that FBI surveillance would violate the group's constitutional rights. He said: "As a matter of policy, the healthy thing for our society to do is to permit this group to freely have their discussions on the issues which concern them and of their theories."

Supreme Soviet promises effort to fulfil targets

Moscow, Dec 19.—Deputies of the Supreme Soviet, after

acclaiming Mr Brezhnev, the party leader, on his sixty-eighth birthday, went on today to discuss the state's proposals for defence spending cuts and measures to raise industrial output and living standards.

More than 1,500 deputies from all parts of the Soviet Union met in both chambers of the Supreme Soviet for the second day and were expected to approve the state budget unanimously tomorrow.

Mr Garbuzov, the Finance Minister, yesterday proposed a 200m rouble (£18m) cut in military spending next year as a gesture towards détente. His draft budget also provided for greater investment in the social services.

The state plan calls for intensive efforts next year—the last in the current five-year period—to increase output, particularly in the industrial pro-

ducer goods sector, and meet targets laid down by the Government and the Communist Party.

Speakers dealt with minor deficiencies in the economies of their regions, ending with calls for adoption of the plan and the budget and assurances that the workers of their constituencies would do their best to meet the targets.

Recommending that delegates affirm the government and party proposals, Mrs N. A. Zlobina (from a Moscow electoral district) assured the party Central Committee that the capital's workers "will bend all efforts to fulfil successfully the plans for 1975... and will answer the concern of the party with a new, higher level of socialist competition and remarkable achievements in work."

The two chambers are thought likely to join tomorrow for voting and to hear a report on the foreign policy achievements of the past year.—Reuters.

Four months' jail over false Nixon tax return

From Patrick Brogan
Washington, Dec 19

Another former assistant to President Nixon was sentenced to prison today.

Mr Edward Morgan, who helped the former President to falsify his income tax returns in 1970, was sentenced here to a two-year term of which he must serve four months. He will be put on probation for the rest of the time.

Mr Morgan had pleaded guilty to the charge that he prepared a deed of gift of Mr

Nixon's vice-presidential papers to his minister, and predated it so that it would permit Mr Nixon to deduct the supposed value of the papers from his income tax.

The law had then been changed, forbidding the practice, and Mr Morgan, who was deputy counsel to the President, had to perform an act of forgery to save Mr Nixon \$500,000 (about £217,400).

When the matter was discussed and Congress had examined the case, it ruled that Mr Nixon owed the tax author-

ities \$516,000 and he agreed to pay back some \$470,000.

The question of Mr Nixon's possible fraud was left open and has now been closed by President Ford's comprehensive pardon of his predecessor. The House of Representatives judiciary committee, after an impassioned debate, rejected the proposed article impeaching Mr Nixon for income tax evasion.

Mr Morgan is the seventeenth member of the Nixon Administration to be sentenced (three of the others received suspended sentences) and will join several

Middle East impasse increases talk of war

From Paul Martin
Beirut, Dec 19

After a year in which peace dominated Middle East thinking, the area has lapsed back into uncertainty akin to the "no war, no peace" days before the October War.

During the past month Israel and its Arab neighbours have increased their war of words to a pitch that has made another round of fighting appear almost inevitable.

Daily the predictions of war come from one side or another. Israel has betrayed its restlessness with threats against Syria and, more recently, against interested Arab parties further afield.

Hints about nuclear capability are regarded as another ominous sign. All this comes after a series of diplomatic setbacks for Israel.

On the Arab side, President Sadat of Egypt has likened the present situation to a "time bomb" ready to explode. King Hussein of Jordan has declared that it is no longer a question of whether there will be another war but how soon it will come. A presidential assent of Syria believes that the next six months will be crucial in deciding whether there will be peace or war.

What is clear to all is that the peace machinery has ground to a halt. With the initial disengagement agreements in the Sinai peninsula and on the Golan front almost history, the Arabs fear that the momentum created by Dr Henry Kissinger is in danger of being lost. This in turn has endangered the American Secretary of State's step-by-step approach to a settlement and set all concerned on a collision course.

Although talk of war does inject a sense of urgency into the

situation, it is becoming increasingly clear that the respective leaders are engaging in the war of words with growing conviction. Indeed, the one hopeful sign is that none of the Middle East combatants has abandoned the course so far charted by Dr Kissinger.

There is no doubt that the Palestinian side of the Middle East crisis has focused on the negative aspects of the present situation. The steadily escalating "Palestinian war", invariably waged across the Israel-Lebanon border, has exposed the nerve ends and emphasized the military side of the conflict.

However, it is equally clear that this is not all. The atmosphere has undergone a marked change since the heady days after the October War. Although serious-minded Arabs believe Israel has suffered some important setbacks, they also recognize the potential danger this could bring upon the Arabs.

The war scare that led up to the expiry of the United Nations mandate on the Golan Heights was an example of this uncertain mood. Speculation on an Israeli surprise attack to destroy the Syrian war machine persists in the Arab news media.

Israel has done its share to contribute to this situation. Its preoccupation with the northern front with Syria is nothing new. Clearly, the present diplomatic impasse and the generally gloomy mood has helped to build up the forthcoming Middle East tour of Mr Brezhnev, the Soviet party leader. His visit is unlikely to reverse his power fortunes overnight.

However, if the Americans are unable to restart their diplomatic machine in the short space of time before he arrives here, then the Soviet dictum—the Geneva peace talks—will appear the only alternative.

Agreement signed by Angolan leaders

From Our Correspondent
Lusaka, Dec 19

The two main Angolan liberation leaders, Dr Jonas Savimbi and Dr Agostinho Neto, flew to Lusaka together today after signing an agreement which partly paves the way for constitutional talks with the Portuguese and the establishment of an interim government.

Dr Savimbi heads the militarily strong Unita, and Dr Neto the widely-supported Popular Movement for the Liberation of Angola (MPLA).

Though not a declaration of total unity the document shows sufficient agreement for the two movements to go together to the conference with the Portuguese.

What is needed now is a similar agreement with the National Front for the Liberation of Angola (FNLA) led by Mr Holden Roberto, who is believed to be in Zaire.

Before leaving Angola today, Dr Savimbi told me that he and Dr Neto would be attempting to get in touch with Mr Roberto as soon as they reached Lusaka. Dr Savimbi took me to one of his secret base camps in the Angolan bush. About 1,500 heavily armed women, including several women, were on parade. He said he believed that a transitional government comprising three members from each movement and headed by a Portuguese high commissioner would be in power in Angola before the end of the year.

This, he said, should stay in power for a year to give time for preparations for a general election and full independence.

US firm in deal for Soviet music rights

From Peter Strafford
New York, Dec 19

The New York publishing firm of Macmillan has made a deal with the Russians by which it will have exclusive rights to the publication and performance of Soviet music in the western hemisphere. The arrangement covers all existing and future Soviet music, and is to last at least 10 years, according to Macmillan.

Macmillan acquires the right to license Soviet music for records, television, radio, films, the stage, concert performances, printed publication, and any other performances.

After signing the Universal Copyright Convention, the Russians have made arrangements with the American Society of Composers, Authors and Publishers and with Broadcast Music Inc. by which American composers will receive royalties on music performed in the Soviet Union.

The arrangement with Macmillan will put an end to the situation in the United States where royalties were sometimes, but not always, paid to Soviet composers.

Mr William Halsey, senior vice-president of Macmillan, who was the chief negotiator with the Russians, said that the firm would be sending representatives to the Soviet Union to look for promising material.

There is no connexion between Macmillan of New York and Macmillan the London publishers. All links were broken in the 1930s.

GENERAL MANAGER-PROPERTY

A prominent Property Company in Lagos with a large development programme is seeking a General Manager to be the company's Chief Executive answering directly to a Board Director. Applicants preferably with some overseas experience should have a property or financial qualification with a record of activity at senior level in the property world.

Preferred age 30/40 years
Salary negotiable

Full details to
P. O. Box 4244
Lagos.

UN to increase its pay bill by £11m

From Our Own Correspondent
New York, Dec 19

The United Nations General Assembly has agreed to a 6 per cent pay increase for the 19,000 employees of the world body. The decision was taken at the Assembly's closing session last night, in spite of opposition from the Americans, Russians, French and Italians.

The Americans said that the increase would put United Nations salaries well above those of civil servants. Britain, West Germany and Japan voted for the increase, as did most of the developing countries.

The increase was adopted by 90 votes to 21, with 20 abstentions. It will cost a total of \$26m (£11.3m) a year.

Woman gets top post on US newspaper

Los Angeles, Dec 18.—Mrs Jean Sharley Taylor was today named associate editor of the Los Angeles Times, the first woman to occupy such a high editorial post on the newspaper.

Delhi test for Bhutan's monarch

From Michael Hornsby
Delhi, Dec 19

King Jigme Singye Wangchuck, aged 19, the ruler of the remote Himalayan kingdom of Bhutan, is on a four-day visit to Delhi amid reports of strain in relations with his giant Indian neighbour.

In spite of the formal protestations of friendship which marked the arrival ceremony here yesterday, Mrs Indira Gandhi, the Indian Prime Minister, is expected privately to make known to the young monarch her concern over anti-Indian sentiment in Bhutan.

Apart from Mrs Gandhi, the King is also holding talks with the Minister for External Affairs, Defence, Planning, Energy and Industry. He is accompanied by his Foreign Minister, Mr Dawa Tshering, and by his sister, Princess Ashi Dechen.

India is always sensitive about its relations with the strategically situated Himalayan kingdom, and is especially so at present because of the unfavourable international

reaction to its virtual annexation of Sikkim last September.

The Sikkim developments provoked a wave of anti-Indian demonstrations in Nepal, and while there was no public reaction in Thimphu, the Bhutanese capital, it is certain that the royal family, which is related to the Chogyal of Sikkim, was most unhappy.

The King and his advisers are known to favour a reduction of Bhutan's heavy dependence on India, which has provided more than 90 per cent of the funds for Bhutan's economic development and exercises a large measure of control over the kingdom's affairs.

Among other things, the King and his Foreign Minister have both argued that the Indian guidance, which under the treaty of 1949 they are obliged to take into account in the conduct of Bhutan's foreign policy, should not be regarded as binding.

More recently, Bhutan is reported to have upset the Indians with a proposal for the opening of offices abroad—in London, Paris, Bonn and New York—

with authority to issue tourist visas.

India apparently sees this as a covert manoeuvre to expand Bhutan's diplomatic representation, which at present is limited to Delhi, Decca and the United Nations. This, it is felt, would weaken India's influence.

There are also reports that Bhutan is cutting back on the number of Indian officials inducted into the small kingdom's administration by not renewing their contracts when they expire.

Indian sources here insist that this is a natural process as more Bhutanese become qualified to take over from Indian recruits, but there is no doubt that the large number of Indians in senior positions in Bhutan is a cause of resentment.

Fur India, Bhutan is a potentially much more worrying problem than Sikkim, whose separate status was never very sharply defined. Although in fact a protectorate of India, Bhutan is de jure a fully sovereign member of the United Nations.

Leading article, page 13

OVERSEAS

S Africa considers whether to stay in the United Nations

From Our Correspondent Johannesburg, Dec 19

South Africa has reacted angrily and bitterly to the latest resolution on South-West Africa of the United Nations Security Council and has stated that its continued membership of the world body, which it helped to found in 1945, is being considered.

On Tuesday the Security Council voted to give South Africa until May 30 to make a "solemn declaration" of its intentions to relinquish control of South-West Africa (Namibia). If the deadline is not met, the council is to consider "appropriate measures".

The deadline fits in well with the six months that according to a pledge by Mr John Vorster, the South African Prime Minister, are to show big changes in his country's relations with independent black Africa.

The Security Council resolution has angered the South African Government particularly because Mr Vorster is reckoned to be a prime mover in the season of good will now developing in the sub-continent.

Dr Hilsard Muller, the Minister of Foreign Affairs, said last night: "In the past year the image of the United Nations has been damaged more than ever before. There have been a whole series of high-handed resolutions damning South Africa."

"This all took place while our Prime Minister and other leaders in southern Africa were engaged in serious and meaningful attempts at accomplishing détente and to find a peaceful solution to problems such as the Rhodesian dispute."

"In the light of this and seeing the illegal means by which South Africa is being engaged in its membership of the organization, no one can resent it if we do not pay much attention to decisions taken in connexion with us."

Dr Muller added: "The Government has not yet decided whether South Africa is to continue its membership of the United Nations. It is a momentous matter and the advantages

Japanese report attacks trade with Namibia

From Peter Hazelhurst Tokyo, Dec 19

The recent decision by the United Nations asking South Africa to withdraw from the trust territory of Namibia (South-West Africa) placed the Japanese Government in an awkward dilemma in Parliament today.

The Socialists claimed that Japanese trading houses were defying United Nations resolutions by purchasing vast quantities of uranium from the Rössing mine, near Swakopmund, in South-West Africa.

The allegation, based on a comprehensive report on Japan's trade ties with South Africa, has embarrassed the Foreign Ministry at a time when the Government is attempting to persuade black Africa that it will phase out its trade ties with Pretoria.

The report, prepared by Mrs Yoko Kitazawa, a researcher, on behalf of the National Council of Churches, says that the wages of black Africans employed by Japanese firms in South Africa are far below the poverty line. It adds that under new long-term export contracts Japan will become South Africa's third largest trading partner.

Mrs Kitazawa entered South Africa ostensibly as a tourist earlier this year to study Japanese commercial activities in southern Africa. She said

Cypriot leaders discuss peace talks resumption

From Our Correspondent Nicosia, Dec 19

Mr Rauf Denkash, the Turkish Cypriot leader, conferred with Mr Glafkos Clerides, the Greek Cypriot president of the House of Representatives, here today to consider the resumption of their interrupted peace talks.

After a 30-minute meeting, the two leaders said they would meet again tomorrow evening to continue their exchange of views.

Argentina talks of taking Falklands by force

By Stuart Stirling

A campaign is gathering momentum in Argentina's press for an invasion of the Falkland Islands, which have been under British occupation since 1833.

The Peronist evening newspaper *Crónica* recently called for volunteers to invade the islands. A Bill presented earlier this week to the Argentine Congress would, if passed, authorize the Argentine Government to use force to recover the islands, which once formed part of the Spanish-American empire.

On November 24, the Argentine press reacted emotionally to reports from London that the British Government might be considering granting exploration rights to the Falkland Islands.

Two Argentine parliamentary groups have recently suggested that force be used to ensure that any oil deposits found around the Falklands be exploited solely by the Argentine state-owned oil company, YPF.

If a rich oil field does exist

Man shot dead in police car escape attempt

Douglasville, Georgia, Dec 18

A man charged with six murders and suspected of committing several others was today shot dead by police, who said he tried to escape.

Paul John Knowles was being driven in a police car to a wood near Douglasville after saying he would show the county sheriff where a murder weapon was hidden. He freed one hand from handcuffs and tried to grab the sheriff's gun—Reuter.

off the islands, the Falklands issue will become more problematic for both the British and Argentine governments. No new oil reserves have been discovered in Argentina. In the last five years and existing reserves will run out within 11.

Dr Miguel Revestido, the Secretary of Energy, recently stated that Argentina should become self-sufficient in oil within three years, though he confirmed the 11-year limit for the country's reserves. Brazil's recent discovery of rich oil deposits will only heighten Argentina's search.

The 2,000 Falkland Islanders, mostly descendants of Welsh and Scots immigrants, are reported to favour remaining British. However, their future depends very much on the negotiations between the British and Argentine governments on the sovereignty issue, and the attitude of Argentina's military and nationalistically minded Peronist leaders, who may now view the islands as more than just an irritant to their national pride.

Turning a Welsh valley into a utopia for bookworms



In the haunted magical country of the Welsh borders one quickly becomes accustomed to the unexpected. But there is still something slightly unreal about Hay-on-Wye, a tiny market town in the shadow of the Black Mountains; 10 years ago all but moribund, it has since found economic salvation in, of all things, second-hand books.

On almost any day of the year the visitor may find himself browsing alongside a librarian from Pennsylvania, an antiquarian from Tokyo or a bookseller from Sydney. In the narrow hilly streets sheep have been superseded by vans delivering and collecting some of the 750,000 volumes handled annually by a firm which claims, with little fear of contradiction, to be the biggest of its kind in the world.

The man responsible is a genial rumpled-looking entrepreneur called Richard Booth who left Oxford in 1961 and whose intended career in accountancy lasted all of three weeks. On an impulse he bought Hay's disused fire station and turned it into a bookshop. "It was a crazy thing to do," he says. "If cities like Birmingham and Cardiff couldn't support this kind of thing, what chance was there for a remote little Welsh town like this?"

Somehow ends were met, while Mr Booth pondered on his next moves. He had long since concluded what was wrong with the second-hand book trade; the numerous little shops in secluded cathedral closes might eke out an existence from browsing tourists, but they were totally unable to meet the real demand from universities, libraries and specialized institutions for collections of writings on specific subjects.

But if this were so, was Hay the place to make the breakthrough? Richard Booth debated the question with himself and decided that the mistake had been to assume that the market for books was basically urban or metropolitan. It was neither; it was international, in which case Hay was as good as anywhere.

It was more than that. It was "a beautiful drive over the hills" from the major conurbations of the Midlands, Bristol and South Wales, tucked into a gloriously unspoiled corner of Britain. "It is really only a coincidence that I am here," Mr Booth remarks, "but when I look at it, I think gosh how lucky I am!"

Pushing his luck, he followed his purchase of the fire station by buying the town's cinema and its castle, also temporarily disused at the time. At the latest count he owns seven shops and a warehouse, although he travels extensively abroad—five times to Australia in the year alone, plus Mexico, Rome, Copenhagen and Paris—his overseas shop is in Toronto, laconically christened Branch Eight.

In his office in the castle, surrounded by eighteenth-century leather-bound tomes, Richard Booth appears an odd combination of the bibliophile and the twentieth-century marketing man. He stresses the importance of modern selling methods, compared with the "antiquarianism" that traditionally permeates the trade. He has harsh words, too, for the average university library which, he feels, is "moving towards a position of maximum inefficiency. Once a book gets put in the wrong place it might as well be lost."

"The second-hand book is an enormously valuable cultural resource that has up till now been wasted," he points out. But it is also a commercial asset which suffers from being kept in dusty, musty, storage. "The problem with a second-hand book is that as soon as you touch it, you start losing money. Publishers with 15,000 copies of a new book can hold promotional cocktail parties and so on. But with one book it is different."

Gimmicky promotions aside, Mr Booth acknowledges that publishers are at least creating the "cultural resources" of the future. His real dislike is for public libraries, the institution of which he compares to Cromwell's sacking of the monasteries. His reasoning is not that they compete with his own trade but that they caused the destruction of hundreds of immensely valuable private libraries, and not just those of the middle classes. A large part of his own initial stock was acquired from the former libraries of Welsh working men's institutions—"unique accumulations of social history, which are quite unmatched anywhere else."

He readily acknowledges that the sheer volume of contemporary published literature threatens his aim of providing specialized knowledge for a specialized readership. "For instance, some of the most important stuff being written about Northern Ireland today is published in Libya, in Arabic."

The most sought-after books are paradoxically scarce. One of the biggest specialized demands is for pre-revolution Chinese literature. Others are for books from Lithuania and Latvia, before those countries effectively ceased to exist, and for emigre German literature published in Mexico and the United States during the Nazi period. There is a bookshop in Las Vegas eager for any and every book on gambling.

At the other end of the scale Booth has sought to popularize his business. His latest idea is for a "room of a million jokes", where visitors can roll in the aisles with ancient copies of *Punch* and memorize the funniest musical gags. "I'm ever committed to paper," the world's cheapest bookshop is one of his most successful enterprises, turning over some 2,000 books a week and attracting up to 500 people on summer Saturday afternoons.

The locals view this somewhat bizarre mixture of scholarship and salesmanship with a certain scepticism. But Mr Booth points out the town was dying on its feet before he moved in. Now it is the main "industry"—in quotes, he points out, "since we don't qualify for a development grant or anything like that."

But about half the staff are recruited locally and he claims, even the van-drivers have become avid bibliophiles.

Bonds of affection for the future

Children are often given more expensive toys than they need. And as a result, friends, godparents and others see much more point in giving some cash—which can be saved up for something really worthwhile in the future. After all, to have a "nest egg" in one's late teens, can be very useful indeed.

A convenient way of giving money which, hopefully, will not be spent straight away, is by giving a gift token for premium savings bonds. Incidentally, you can no longer buy just one bond at a time; the minimum is now two.

That is fine, but with inflation, the return from a holding of bonds is all-important. Here, of course, one cannot be categorical since the draw for winning bond numbers is a matter of chance. Either of two bonds held by a child could win the top prize in any one month. But the chances are remote, since there will be more than 1,000 million other bonds competing for the same prize.

Although, therefore, nothing is certain, one can look at what on average can be expected and of course the longer the bonds are held the more likely it is that the "law of averages" will run more or less true to form.

But before looking at mathematical chances parents should consider the tax aspect. From April 1975 virtually all unearned income of a child once again will be added to the income of his or her parents for tax purposes. Thus, if parents are paying tax at a relatively high rate there is little point in a child having interest from, say, a building society account.

Premium savings bonds, in common with national savings certificates and the first £40 of

interest from a National Savings Bank account, are completely free from income tax.

In calculating the odds against winning a prize of the lowest of which is £25 from ERNIE, one can start with the fact that the chances of a single bond winning any prize in each monthly draw are about 10,570 to one against. That figure varies from month to month, dependent on a number of factors, but it is good enough for our purposes.

This means that, with a holding of only a few bonds, the chances of a win are slim. If, for instance, a child has a total of £10 in bonds, in theory, he or she would stand to win a prize once in every 88 years. Of course, it may not turn out like that, but it is probable that there will be no return at all from the holding, and that it would be better to invest the money elsewhere.

On the other hand, the larger the number of bonds held, the better are the chances. Some parents, for instance, may be able to make over cash to children at an early age. In this case, prizes could provide quite a useful tax-free income. For instance, if £2,000 is invested in bonds, the chances are that one in every three prizes will be for £50, and that the other two will be for £25.

Nevertheless, there is still that remote chance that a child may win enough to pay for his or her education, plus a fair sized deposit on a house.

Step-by-step recipe book for the diffident cook

Robert Carrier, one of the world's better known cooks, says that one of his favourite dishes is perfectly cooked bacon and egg.

Although he has written several elaborate and excellent cookery books over the years, his latest one is remarkable because it caters for the beginner. Nothing is too much trouble and everything is explained step by step.

It is the sort of book that mothers should pass on to their daughters—refreshing because it does not assume that every one can cook. It is in no way patronizing. It is almost A to Z for apple with its common-sense tips. Except of course as you might expect in his book A is for Aiguillette—thin vertically cut strips of prime cuts of meat usually from breasts of poultry or game.

Every recipe works. Carrier says he employed an army of chefs, tasters, stirrers, mixers, saucemakers and bakers to create each dish. They then tasted, retasted and finally perfected each one, which is a great comfort for the diffident cook. It is the sort of book that makes wet, wintry week-

ENTERTAINMENTS

When telephoning use prefix 01 only outside London Metropolitan Area

OPERA AND BALLET	THEATRES
COVENT GARDEN 240 1911 Tonight 8.30: <i>The Royal Opera</i> Tomorrow 8.30: <i>The Royal Opera</i> Tuesday 8.30: <i>The Royal Opera</i> Wednesday 8.30: <i>The Royal Opera</i> Thursday 8.30: <i>The Royal Opera</i> Friday 8.30: <i>The Royal Opera</i> Saturday 8.30: <i>The Royal Opera</i> Sunday 8.30: <i>The Royal Opera</i>	KING'S HEAD THEATRE CLUB 226 1915 Tonight 8.30: <i>The King's Head Theatre Club</i> Tomorrow 8.30: <i>The King's Head Theatre Club</i> Tuesday 8.30: <i>The King's Head Theatre Club</i> Wednesday 8.30: <i>The King's Head Theatre Club</i> Thursday 8.30: <i>The King's Head Theatre Club</i> Friday 8.30: <i>The King's Head Theatre Club</i> Saturday 8.30: <i>The King's Head Theatre Club</i> Sunday 8.30: <i>The King's Head Theatre Club</i>
ENGLISH NATIONAL OPERA 240 1911 Tonight 8.30: <i>The English National Opera</i> Tomorrow 8.30: <i>The English National Opera</i> Tuesday 8.30: <i>The English National Opera</i> Wednesday 8.30: <i>The English National Opera</i> Thursday 8.30: <i>The English National Opera</i> Friday 8.30: <i>The English National Opera</i> Saturday 8.30: <i>The English National Opera</i> Sunday 8.30: <i>The English National Opera</i>	JOHN, PAUL, GEORGE, RINGO 226 1915 Tonight 8.30: <i>John, Paul, George, Ringo</i> Tomorrow 8.30: <i>John, Paul, George, Ringo</i> Tuesday 8.30: <i>John, Paul, George, Ringo</i> Wednesday 8.30: <i>John, Paul, George, Ringo</i> Thursday 8.30: <i>John, Paul, George, Ringo</i> Friday 8.30: <i>John, Paul, George, Ringo</i> Saturday 8.30: <i>John, Paul, George, Ringo</i> Sunday 8.30: <i>John, Paul, George, Ringo</i>
ROYAL FESTIVAL HALL 240 1911 Tonight 8.30: <i>The Royal Festival Hall</i> Tomorrow 8.30: <i>The Royal Festival Hall</i> Tuesday 8.30: <i>The Royal Festival Hall</i> Wednesday 8.30: <i>The Royal Festival Hall</i> Thursday 8.30: <i>The Royal Festival Hall</i> Friday 8.30: <i>The Royal Festival Hall</i> Saturday 8.30: <i>The Royal Festival Hall</i> Sunday 8.30: <i>The Royal Festival Hall</i>	THE FREEMAN 226 1915 Tonight 8.30: <i>The Freeman</i> Tomorrow 8.30: <i>The Freeman</i> Tuesday 8.30: <i>The Freeman</i> Wednesday 8.30: <i>The Freeman</i> Thursday 8.30: <i>The Freeman</i> Friday 8.30: <i>The Freeman</i> Saturday 8.30: <i>The Freeman</i> Sunday 8.30: <i>The Freeman</i>
ROYAL ALBERT HALL 240 1911 Tonight 8.30: <i>The Royal Albert Hall</i> Tomorrow 8.30: <i>The Royal Albert Hall</i> Tuesday 8.30: <i>The Royal Albert Hall</i> Wednesday 8.30: <i>The Royal Albert Hall</i> Thursday 8.30: <i>The Royal Albert Hall</i> Friday 8.30: <i>The Royal Albert Hall</i> Saturday 8.30: <i>The Royal Albert Hall</i> Sunday 8.30: <i>The Royal Albert Hall</i>	THE FREEMAN 226 1915 Tonight 8.30: <i>The Freeman</i> Tomorrow 8.30: <i>The Freeman</i> Tuesday 8.30: <i>The Freeman</i> Wednesday 8.30: <i>The Freeman</i> Thursday 8.30: <i>The Freeman</i> Friday 8.30: <i>The Freeman</i> Saturday 8.30: <i>The Freeman</i> Sunday 8.30: <i>The Freeman</i>

OPEN * GATE * XMAS

Buster Keaton

THE SAPHEAD

& W.C. Fields in *The Golf Specialist & The Dentist*

1.20-3.45-6.10-8.35-11pm

The National Theatre at the Old Vic 928 7616

Tonight 7.30

Peter Nichols comedy

The Freeway

Irene Handl is as gorgeously Irene Handl as ever

Last Performances

THE ARTS

From the Sternheim cycle

The Snob
Open Space

Charles Lewsen

This is the second play of Carl Sternheim to be offered by the Open Space: like *Schnitzler* it comes from the cycle begun in 1911. *Schnitzler* is the story of the life of the Middle Ages. Paul Schnitzler is a man of unknown origins who, without greatly wishing it, is accepted as a member of the bourgeoisie because his voice is indispensable to a middle-class male quartet. Christian, the eponymous snob, is a bourgeois with a passion to penetrate the highest class, who achieves his end by suppressing his origins and even suggesting to his noble bride that he is the bastard son of a nobleman.

Sternheim's theme is that nature has its own aristocracy, and that the man with the pure voice, or the imagination to lie his way to power, is the natural superior of the man who occupies a position that he has inherited. Marowitz has based his production on the 1949 translation by Eric Bentley (who, in the same series also gave us *The Marquis of Keith*), which with its customary swiftness, the British theatre has also seized on after a quarter of a century. However, the premise of the production seems to derive from a more recent translation published in a German expressionist series, and from the first angular feature of Peter Eyre's Christian, framed by an arrangement of receding procession arches, we are treated to a parade of odd posturing and preambulations.

The physical excesses are backed by textual tinkering. When Christian pays off his mistress in order to prepare himself for marriage, Bentley's "You tear my feelings to shreds" is replaced by "My feelings are racked, torn asunder (pause) I think," which strikes me as nearer to Thirties camp than Thirties expressionism and one of a series of nervous cues that obscure the wit of Sternheim's argument. John Arzuff is allowed to back an aristocrat's attack on natural ability, and Mr Eyre nicely handles the lecture on capitalism as he fondles his bride's breast. Yet in the end, the production is loaded with significance.

Covent Garden
postpones Siegfried

Because of ever-rising costs, the new production of *Siegfried* at Covent Garden is to be postponed from May, 1975, to September, 1975. This premiere will be followed by three groups of *Das Rheingold*, *Die Walküre* and *Siegfried*.

The new *Götterdämmerung* will now open the 1976-77 season, after which there will be two cycles of the complete Ring. During May next year, instead of *Siegfried* there will be five performances of *Elektra* using as many of the same artists as possible. Colin Davis will conduct, Berit Lindholm will sing Chrysothemis, Donald McIntyre Orestes and Ragnar Ulfung Agamemnon. The title role will be sung by Danica Mestrovic and Klytemnestra by Kerstin Meyer.

ART EXHIBITIONS

LEFEVRE GALLERY
An exhibition of recent drawings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

MAYOR GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

MARLBOROUGH GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

MOONLIGHT GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

PHOTOGRAPHERS' GALLERY
An exhibition of recent photographs, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

SCHOOL OF ARTS
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

WILLIAMSON GALLERY
An exhibition of recent paintings, including works by: Balthus, Bonnard, Degas, Delacroix, Eakins, Géricault, Manet, Renoir, Seurat, Van Gogh, Watteau, Whistler.

A trip back to the forest of Dean

Badlands (x)
Academy OneThe Man with the
Golden Gun (a)
Odeon, Leicester
SquareAirport 1975 (a)
Paramount/ABC
Shaftesbury AvenueThe Mad Adventure of
Rabbi Jacob (u)
Carlton

Badlands is very loosely inspired by a headline of January, 1958, when 19-year-old from Lincoln, Nebraska, called Charlie Starkweather, took off on a murder spree in company with a 14-year-old girl, Carl Fugate. Their 10 victims included Carl's mother, stepfather and half-sister. The boy was executed in the electric chair; the girl is still serving a life sentence.

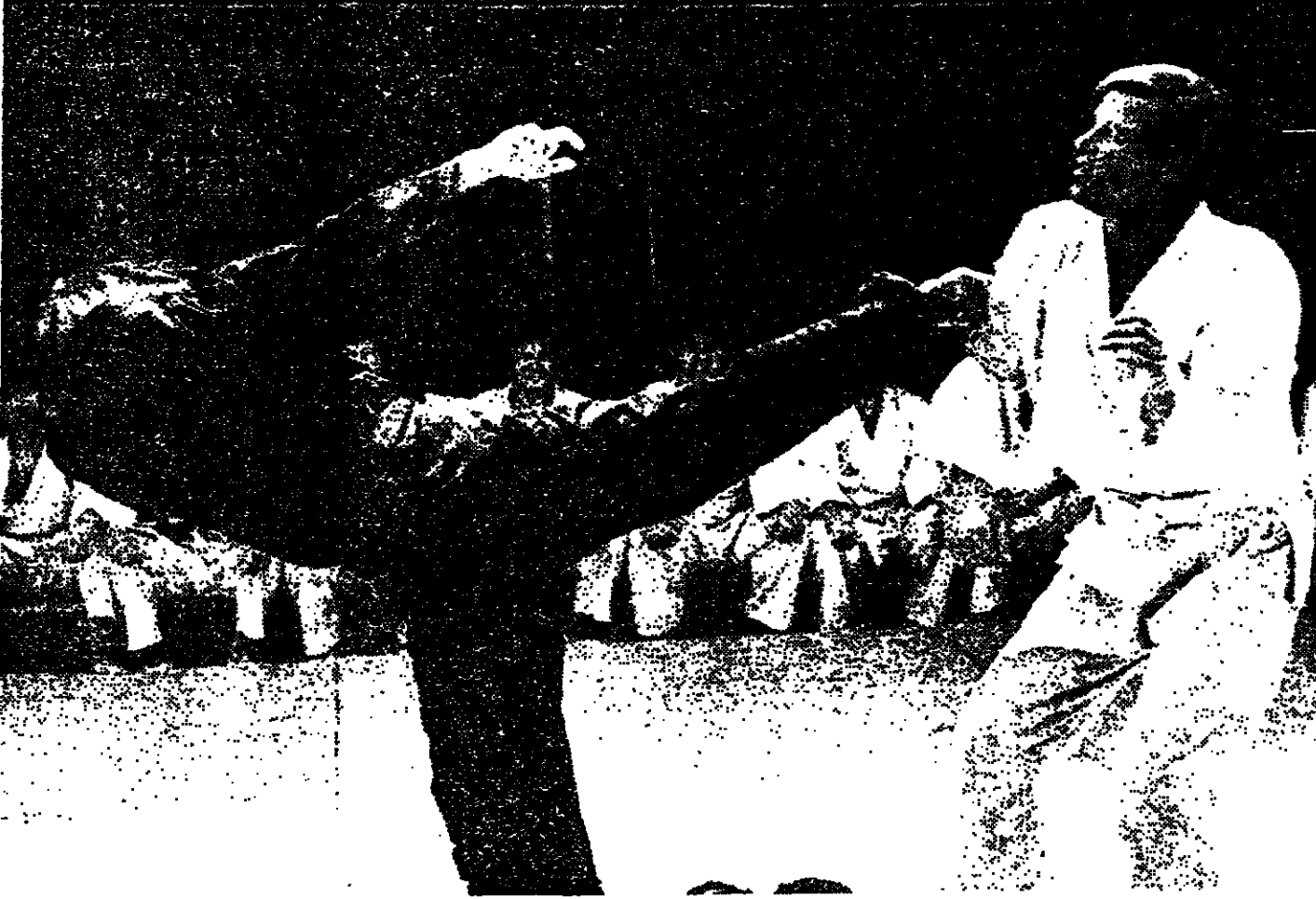
In the film, set around 1959, 60, Kit (Martin Sheen) is a good-looking, vaguely psychotic 25-year-old garage man who gives up his job to court 15-year-old schoolgirl, Holly Sargis (Sissy Spacek). When her father (Warren Oates) opposes the affair—he's a bit nutty himself, and punishes Holly by shooting her dog—Kit shoots him. Bewildered, but bewitched by Kit's resemblance to James Dean, Holly goes along with him when he burns down the house; and together they take off along the deserts of the South Dakota Badlands.

Romantics both, they set up home in a Huck Finn treehouse. A group of hunters discover them, so Kit shoots them dead. Along the road he next shoots an old friend who looks as if he might not be trustworthy. He also shoots a couple who are on their way to a rich man in whose house they meet on their way are luckier. Finally the pursuit closes in. Holly, already bored with the adventure and bothered by Kit's oddity, leaves. Kit rather deliriously, then basks in the admiration due to a nine-days' extravaganza of himself to the world. Kit, you're sure an individual. Will that be taken into account?" he asks optimistically.

On the face of it then, it is a kind of *Bonnie and Clyde*; and there is an acknowledgement in the credits for help from Arthur Penn; but *Badlands* is the outlier of a new, nothing to anybody. It has its own style, and its own very distinctive tone. When there are echoes of other films, it is because they are echoes of the whole culture out of which Kit and Holly are compounded. They pore over Hollywood fan magazines ("Will Pat Boone quit to go back to college?"); and Kit's whole personality is modelled upon James Dean. His hair is the same; he explains confidently, "I guess I'm some kind of a rebel"; and at the end glows when the young policeman says "I'll kiss your ass if you don't look just like James Dean".

The brilliance of the film is to take two characters who are distinctly less than bright, who are compounded like this out of popular cliché fantasy, to treat them with total directness and honesty, and yet to maintain our full involvement with them. Kit and Holly are given no benefit of conventional Hollywood glamour or drama, of post-Freudian interpretation or of social justification (Bonnie and Clyde were seen as children of the Depression; but society is really quite genial in its dealings with Kit and Holly).

Even Holly mildly thinks that "Sometimes he acts like there's something wrong with his brain"; but there is no real sign of it except for the intent seriousness of Kit's eyes, his excessive calm and politeness, and an eerie moment when,



A chop for Bond: Roger Moore in The Man with the Golden Gun

inspired in long shot, he crazily kicks the side of a barn. Holly goes cheerfully along with his role as leader and senior, and accepts the inconsequentialities of his behaviour ("Kit shot a football that he considered excess baggage").

At 15 she is clearly a good deal brighter in her way, but with the same total senselessness of proportion or priority. The film is (brilliantly) commented by Holly, flatly reading what might be a diary or a ghosted piece from *True Confessions*. She concludes, sagely, never again "to tag around with the hellbent type".

It is all as underdeliberate as that. Incident succeeds incident in their adventure, and whether it is murder or a little dance to a phonograph record of Nat King Cole, everything is accepted in the same spirit. Kit shoots his old friend:

"How's he doing?"
"I got him in the stomach."
"Is he upset?"
"He didn't say anything to me about it."

It is all so casual and un-melodramatic and simple that you can only feel painful affection for the odd little couple as they grow more and more forlorn. Even Kit's joy of achievement and glory at the end is droil and sad in its borrowings from popular mythology. He lets himself be caught in order to build a little cairn to mark the

spot for posterity; and anyway, "He hated the idea of being shot down without a girl to shout out his name."

You realize they are living out not only their own impoverished fantasies, but the fantasies of a generation. The smiling young couple who arrests Kit is almost a mirror image, and falls at once into a ready sympathy. "He ain't no bigger'n me," he marvels; and he's not really talking about size.

The writer-director is Terrence Malick, now 29, who was a Rhodes Scholar at Oxford, then in turn journalist at *Newsweek*, *Life* and *The New Yorker* and lecturer in philosophy at MIT, before he studied at the American Film Institute. He wrote the screenplay for *Pocket Money*; and it is now clear how much he must have contributed to that film.

Malick can be glimpsed in *Badlands* in a small acting role, as an architect who comes to call at the awkward moment when Kit is holding the rich man's hostage in his house. A heavy, soft-faced, slightly baffled-looking young man, he has perhaps not at first sight the look of someone who has made the most promising film debut of the year.

Through the rising costs of the 1970s, Joe Lyons briefly maintained the prices of the

runcible bread rolls they sold in their tea-shops. Only those with sharp eyes and astrophysical memories would have noticed that it was done by gradually reducing the size of the rolls. Something of the kind seems to happen with successful film series like the *Carry On* and *James Bond*. There is evidently a critical point of balance at which box-office success can be maintained, while value for money is imperceptibly reduced.

Not all that imperceptibly, of course. Roger Moore (substituting non-acting for Connery's throwaway) is no match for his predecessor; and Britt Ekland, as his beautiful, idiot sidekick, is the least appealing of Bond heroines. Ken Adam, whose inventions as production designer were a good deal of the attraction of the early Bond films, has now been replaced by decorators of competence but with little of his flair. The screenplays get progressively more naive in the creation of a suburban dream of epicureanism and adventure.

The series gamely keeps up with current modes. Bond involves himself in one of the fashionable automobile-mangling car chases, and finds himself in a karate school. This, too, Bond counters with a chivalrous formality of the martial arts with dirty tricks

David Robinson

(kicking a man when he's bowing), fills the Odeon audience with squealing delight, and is perhaps the summation of the perfected Bond image as the perfect cad.

In a way there is hardly any point in debating the merits of a Bond film or of *Airport 1975*, which are equally doomed for ever. Not so much because of the ever-present danger that Dana Andrews might have a heart attack at the controls of a passing aircraft and crash through the windscreen; but on account of the class of passenger you get on these movie flights.

The obligatory slice of life includes Sid Caesar not being funny, Myrna Loy getting tipsy, the usual drunk who wakes up when the catastrophe is all blown over to ask when we're going to start, a sick young girl who plucks the springs of her guitar and snuggles with obvious bravado as we wonder whether she will reach the kidney machine in time; a still sicker young man who makes a terrible nuisance of herself with her airborne ballads; a brave little stewardess who takes the controls in true *Excelsior* spirit and with disregard for the hole in the cockpit out of which one might have expected her to be sucked by the slipstream. The biggest rescue hazard in the end seems to be the dissonance of dialogue and emotion everyone has to get through. The single consolation is the presence of Gloria Swanson, with an ageless beauty which proves that once a goddess, always a goddess.

The Mad Adventures of Rabbi Jacob, directed by Gerard Oury, is reckoned to be very, very funny in France, where the film has made a fortune. It doesn't look very funny at the Carlton. Haymarket, which might be at least partly due to the dubbing of French dialogue and slightly off-character voices on to the incoherent mugging of Louis de Funès, Suzy Delair and the rest of the cast of favourite comic supporting actors—France's equivalent to the *Carry On* team. The risible and the mix-ups of a racist industrialist, his daughter, a Jewish rabbi, two rabbis arriving for a bar-mitzvah, an Arab political plot and a chewing gum factory ramble from absurdity to absurdity in deepening bleakness.

I'm sorry I said in my remarks about the National Film School week that *Horror* was directed by Chris Coles. As producer his name was most prominent on the credits, but the director was in fact Jonathan Lewis.

I will be reviewing Billy Wilder's re-make of *The Front Page*, which opens on Boxing Day, next Friday.

Cinderella
Casino Theatre

Sheridan Morley

The first thing to be said about *Cinderella* is that far better of *Cinderella* is in fact far better of both, it has brought the London Casino back to the world of living entertainment for the first time in 20 years. From *Cinderella* to *Cinderella* may be but a small step backward for mankind, but it is a notable one, especially at a time when the Palladium, traditional home of West End pantos, has been given over to a more detached Scandinavian spectacular.

But tradition is in fact only a part of what this *Cinderella* is about, and one of its difficulties is a large number of divided loyalties. Frank Hauser, the writer and director, is, as Oxford Playhouse loyalists will know, a traditionalist; at the Casino however his stars are Twiggy and the Harry H. Corbett/Wilfred Brimble Steptoe team, none of whom can be considered the most classical casting for their roles.

Lifestyle, Mary Quant
BBC 2

Gillian Reynolds

We should make the most of Mary Quant. It is improbable we shall see her like again (self-made fashion tycoon, expert in the manufacture and marketing of all things peripheral, prophetess of the mildly outé) in the next hungry decade and a half.

She rose, as the world knows, to fame from the fawning beam of London's swinging 1960s. But those were the days when sugar was eight old pence for a two pound bag, when protest was pretty, and we were all having,

It would be nice to report that Twiggy, making her stage debut, established herself as a major theatrical talent; it would also be nice to report that she has won, although one somehow wishes it could all be made to seem a little easier. Still, first-night audiences are not the easiest to warm up, and a few good matinees may make all the difference.

Back on the credit side, Joyce Grant, as the godmother, twinkles like no one has twinkled since Binnie Barnes in *The Wizard of Oz*, and most of the jokes are safely in except the one about the fairy coach not being much good at maths.

The highly observant may notice the absence of a kitchen slapstick scene and that Mr Corbett has a curious tendency to change partners in the juggling sequence, but aside from that, not that the most remarkable child could complain about lack of value for money. Indeed, such are the rewards of hard work that by the end of the first night even the audience participation was functioning.

On balance, if you've only one show to see this Christmas, make it *Cinderella*.

Quant's own considerable charm, enthusiasm and determination in this film as it was to restore the recurrent irony in its editing. We would have Miss Q discussing with a chemist why science could not make eyelashes grow, to a falsely eyelashed factory lass-slapping labels on to lipstick.

There was, too, an odd literary feel about the way Miss Q and her husband, Alexander Plunket Greene, came over in this programme.

Their attitude to Europe had a touch of the E. M. Forsters, their sense of fun was fresh from Oxford. It could almost have been an *Omnibus* recreation, starring Vivian Pickles and Freddie Jones, marking a cultural footnote.

ance showed at once where the music's greatest lies, namely in its extraordinary "vocal" quality of line (extraordinary in view of the fact that it was written for a non-chromatic, valveless instrument).

Mr Tuckwell's playing, though, perhaps too unadventurous (too effortless in every sense) was of extreme beauty, in tone as well as line, and technically just enough intensity of line in the minor-key episodes. If it lacked great formal weight, it is fair to say that the work is not architecturally one of Mozart's grandest.

Nor of course is the last Horn Concerto, K495, but neither is it one of his most trivial. Barry Tuckwell's mastery perfor-

Henson persuades us that it can also be fun: the rest perform with operatic relentlessness, clearly sparing no effort or exertion, although one somehow wishes it could all be made to seem a little easier. Still, first-night audiences are not the easiest to warm up, and a few good matinees may make all the difference.

Back on the credit side, Joyce Grant, as the godmother, twinkles like no one has twinkled since Binnie Barnes in *The Wizard of Oz*, and most of the jokes are safely in except the one about the fairy coach not being much good at maths.

The highly observant may notice the absence of a kitchen slapstick scene and that Mr Corbett has a curious tendency to change partners in the juggling sequence, but aside from that, not that the most remarkable child could complain about lack of value for money. Indeed, such are the rewards of hard work that by the end of the first night even the audience participation was functioning.

On balance, if you've only one show to see this Christmas, make it *Cinderella*.

Quant's own considerable charm, enthusiasm and determination in this film as it was to restore the recurrent irony in its editing. We would have Miss Q discussing with a chemist why science could not make eyelashes grow, to a falsely eyelashed factory lass-slapping labels on to lipstick.

There was, too, an odd literary feel about the way Miss Q and her husband, Alexander Plunket Greene, came over in this programme.

Their attitude to Europe had a touch of the E. M. Forsters, their sense of fun was fresh from Oxford. It could almost have been an *Omnibus* recreation, starring Vivian Pickles and Freddie Jones, marking a cultural footnote.

ance showed at once where the music's greatest lies, namely in its extraordinary "vocal" quality of line (extraordinary in view of the fact that it was written for a non-chromatic, valveless instrument).

Mr Tuckwell's playing, though, perhaps too unadventurous (too effortless in every sense) was of extreme beauty, in tone as well as line, and technically just enough intensity of line in the minor-key episodes. If it lacked great formal weight, it is fair to say that the work is not architecturally one of Mozart's grandest.

Nor of course is the last Horn Concerto, K495, but neither is it one of his most trivial. Barry Tuckwell's mastery perfor-

Paola Dionisotti, Philip Donaghy and David Hill

Photograph by Donald Cooper

Remember the Truth
Dentist
Theatre Upstairs

Irving Wardle

Heathcote Williams writes as a citizen of Albion Free State unfortunately stranded in Britain, 1974, and consequently a captive of landlords, taxmen, the police, the church, the Royal Family and the other oppressors of that miserable land. He calls this piece a revue, but it comes over like an anarchic prison concert; a string of tolerated insults against the screws delivered from a makeshift stage pathetically festooned with the images of freedom. By a sublime accident on Wednesday somebody left a translator switched on and some break squad car dialogue came through, stopping the show dead in its tracks.

Remember the Truth Dentist expounds the doctrine of abolishing private property, private families, and private personality, and expanding consciousness through mass sex and a nuclear information explosion: the same platform on which Mr Williams took his stand in *AC/DC*. The difference is that in that play he still retained a lingering interest in character and situation. In *Remember the Truth* he has followed his disbelief in individual personality to the logical conclusion of erasing it and substituting a group mind.

The piece was originally written for one speaker; Ken

Campbell has inventively redistributed it among a company of seven actor-musicians and diversified it with slide projections that strike with the force of a forbidden dream and a set combining the atmosphere of a dental surgery, a jumbo jet, and a chamber of horrors.

That was a wise move as the text needs all the variety it can get. It consists partly of lewd doggerel songs, and partly of credo lists on such themes as taxation, revolution and death. There are also three Williamsesque sermons, including one on plant consciousness revealing that America was in fact discovered by a bunch of trees who employed Vasco da Gama to build them into a boat and take them over to see what was growing on the other side.

Anyone liable to offence is going to be very offended indeed; and that is clearly the way Williams wants it. He is staging an act of pornographic exorcism, directed against the death culture bogey, and using the tricks of high art, barrack room ballads, technology, graffiti, and anything else he can lay hands on to achieve his effect.

"I will not pay taxes until electoral promises are subject to the Trades Description Act," "Levitate St. Paul's and reorient it towards Mecca"; "Set fire to the trails of crocodile smegma leading out of County Hall" are some of the milder slogans, but they convey something of Williams's mind-blowing designs on the spectator.

He had the same designs in

AC/DC; but in making the perilous transition from artist to pundit, they are acquiring a cranky obsessiveness.

To some extent they are rescued by language. Just as Williams sees the salvation of Western man through mass orgies, so he sets words in random copulation; mixing the terminology of the exact sciences with astrology, and bringing a theological sentence to a technological ending.

My guess is that not many people aside from the author would literally want to have their whole body covered with brain cells; and that few share his voodoo-like belief in the physical powers of television. But when a man can generate the kind of intellectual shocks that Williams discharges, that is enough to be going on with, especially in view of the present parlous state of the experimental stage.

Deprived of dramatic characters, Mr Campbell's cast rely heavily on contrasts of personality, which may not prove Williams's point but serves very well out front. Roy Martin, relaxing dangerously behind gipsy baron curls, and David Hill, roaring out unquotable lyrics as if at a children's party, embody the two extremes. Between them Paola Dionisotti, Bob Flag, and Philip Donaghy fill in with joke dance routines, well timed games, and playful bedroom farces. *AC/DC* smelt of the black mass, this company generate the atmosphere of an innocent

Cinderella
Casino Theatre

Sheridan Morley

The first thing to be said about *Cinderella* is that far better of *Cinderella* is in fact far better of both, it has brought the London Casino back to the world of living entertainment for the first time in 20 years. From *Cinderella* to *Cinderella* may be but a small step backward for mankind, but it is a notable one, especially at a time when the Palladium, traditional home of West End pantos, has been given over to a more detached Scandinavian spectacular.

But tradition is in fact only a part of what this *Cinderella* is about, and one of its difficulties is a large number of divided loyalties. Frank Hauser, the writer and director, is, as Oxford Playhouse loyalists will know, a traditionalist; at the Casino however his stars are Twiggy and the Harry H. Corbett/Wilfred Brimble Steptoe team, none of whom can be considered the most classical casting for their roles.

Lifestyle, Mary Quant
BBC 2

Gillian Reynolds

We should make the most of Mary Quant. It is improbable we shall see her like again (self-made fashion tycoon, expert in the manufacture and marketing of all things peripheral, prophetess of the mildly outé) in the next hungry decade and a half.

She rose, as the world knows, to fame from the fawning beam of London's swinging 1960s. But those were the days when sugar was eight old pence for a two pound bag, when protest was pretty, and we were all having,

It would be nice to report that Twiggy, making her stage debut, established herself as a major theatrical talent; it would also be nice to report that she has won, although one somehow wishes it could all be made to seem a little easier. Still, first-night audiences are not the easiest to warm up, and a few good matinees may make all the difference.

Back on the credit side, Joyce Grant, as the godmother, twinkles like no one has twinkled since Binnie Barnes in *The Wizard of Oz*, and most of the jokes are safely in except the one about the fairy coach not being much good at maths.

The highly observant may notice the absence of a kitchen slapstick scene and that Mr Corbett has a curious tendency to change partners in the juggling sequence, but aside from that, not that the most remarkable child could complain about lack of value for money. Indeed, such are the rewards of hard work that by the end of the first night even the audience participation was functioning.

On balance, if you've only one show to see this Christmas, make it *Cinderella*.

Quant's own considerable charm, enthusiasm and determination in this film as it was to restore the recurrent irony in its editing. We would have Miss Q discussing with a chemist why science could not make eyelashes grow, to a falsely eyelashed factory lass-slapping labels on to lipstick.

There was, too, an odd literary feel about the way Miss Q and her husband, Alexander Plunket Greene, came over in this programme.

Their attitude to Europe had a touch of the E. M. Forsters, their sense of fun was fresh from Oxford. It could almost have been an *Omnibus* recreation, starring Vivian Pickles and Freddie Jones, marking a cultural footnote.

ance showed at once where the music's greatest lies, namely in its extraordinary "vocal" quality of line (extraordinary in view of the fact that it was written for a non-chromatic, valveless instrument).

Mr Tuckwell's playing, though, perhaps too unadventurous (too effortless in every sense) was of extreme beauty, in tone as well as line, and technically just enough intensity of line in the minor-key episodes. If it lacked great formal weight, it is fair to say that the work is not architecturally one of Mozart's grandest.

Nor of course is the last Horn Concerto, K495, but neither is it one of his most trivial. Barry Tuckwell's mastery perfor-

Difficulties and delights of giving up the rat-race

As the world food crisis follows hard on the world energy crisis, people in countries like Britain are increasingly questioning their own 'lifestyle', devoted so largely to earning more, owning more, consuming more.

Is a second house, car or television, those endless gadgets and processed foods, really something to be proud of, or—while others starve in ever closer proximity as the world shrinks—something to be ashamed of?

To drop out of mammon's world, to begin to find one's roots again in nature and community, to strike a better balance between the real resources we consume (especially food and energy) and those we produce; these are the reasons why more people are abandoning the commuter rat-race for rural communes in Britain and elsewhere.

One such inhabitant is a stone farm house built 200 years ago with two rooms up and two down, which now carries on its back—built by the residents and volunteer helpers to the last ecological principles over the past two years—a big timber extension providing eight more bedrooms, four bathrooms, two sun-lounges, and a workshop.

Nine people live there: a middle-aged industrial chemist and his wife; a young town-planner and his wife; a former small-holder/merchant seaman, his wife and three-year-old daughter; a young teacher; and a former timber merchant. There is also a constant stream of visitors, some who come to satisfy their curiosity, some to help with the work.

The original house and 42-acre farm was bought for £10,000 two years ago jointly by the chemist and a journalist who thought up the scheme and played a key part in his recent departure. Another £11,000 has been spent since, mostly provided by the same pair. But each member has a share in the capital value of the project, related to their original contribution, increased value arising from inflation, and increased value arising from improvements.

All work together: on the farm; on construction of buildings and fittings; on the ecological components that gave the commune its high-flow title of Biotechnical Research and Development (BRAD). They already have a solar room that provides hot water for much of the year, a windmill that pumps water from the well, and heavy insulation and double-glazing to cut down heat-loss and energy consumption. They are building a heat-pump for winter hot water, and are working on a methane or methanol digester that will draw energy from domestic and farm sewage.

The farm supplies the residents (and could eventually feed several more they think) with practically all their vegetables and most of their meat and dairy produce. It consists of a half-acre vegetable garden, other vegetable, potato, and arable crops, pasture, about 1000 chickens, and chickens, 50 sheep, three cows, three pigs, two goats, and assorted geese, ducks, and rabbits. Running the farm on organic, labour-intensive lines makes up the greater part of the daily

round. Scientific and building work fits into the remaining time, along with cooking and housework at which they all, men and women, take a day in turn.

How does life in a rural commune like this compare with life outside? The residents, who are intelligent, responsible people, find it satisfying, fruitful, spartan and hard.

It is hard in that they do more work than they did before: not because there is any compulsion but because it is there. Farmwork goes on intermittently 16 hours a day and seven days a week, and there is always a queue of construction and maintenance jobs waiting to be done. But it is satisfying because the work is interesting, varied, and healthy. They decide together what they will do each day, and the boundaries between work and pleasure are becoming increasingly blurred. They seem to prefer milking, haymaking, woodwork, and building, to commuting between suburban house and office.

Spartan way of life

It is spartan because they live and eat simply, with few of the appurtenances of normal society. There is no television, radio, or newspapers, little in the way of new clothes and synthetic entertainments. The heat is turned down to save fuel ("we wear an extra pullover") and the furnishings are primitive. But it is fruitful because they are growing things, and growing themselves. The growth in human relationships, which the setting is the most important thing happening at BRAD, they say.

BRAD is not viable in the accepted sense of the word. Annual expenditure is over £20,000, and income only about £1,500, supplied largely by the rent from one member's Paris flat. The gap should narrow as farm production grows but there will always be a gap, and how best to plug it is a constant preoccupation. One man offered to work full time and got a job at £2,000 a year but the others refused to let him take it. A short spell on the oil rigs for the younger men has been considered. Meanwhile they do farmwork, and building and decorating jobs. They do not doubt that a solution will be found, and that the commune will continue (the constant flow of visitors, which interferes both with work and relationships, is a greater threat than lack of money).

Yet there is surely a deeper sense in which a venture like BRAD is more viable than many with a fat bank balance in mainstream life outside. The people there are nearly self-sufficient in food, and have cut their consumption of energy and other resources to about a third of the average for Britain.

This is a real contribution to the nation of the times, if only as an example to others. And in making it they seem also, not without struggle and hardship, to be making a kind of love.

Michael Bailey

Military détente in Europe: Thinking beyond the numbers game

In his article on military détente in central Europe, published yesterday, *The Times*, Mr Vladimir Komlev discussed the negotiations on force reductions and associated measures, at present being conducted in Vienna between Nato and Warsaw Pact countries. In one important respect, his article is a useful contribution to the debate about European arms control: he points to the considerable problems inherent in any attempt to agree on mutual limits to the size of military forces between East and West. His analysis is incomplete, in another, more important respect: military détente in Europe is not just a question of the statistics of military forces, it is essentially a political problem.

The statistics of military force in Central Europe—the area defined in the current Vienna negotiations by the territory of Poland, Czechoslovakia, and East Germany (in the east), and that of West Germany, Belgium, the Netherlands and Luxembourg (in the west) reflect a clear numerical superiority of the Warsaw Pact in conventional forces.

	NATO	of which Warsaw Pact	of which USSR
Divisions	25	41	70
Tanks	730	180	935
Aircraft	6,555	2,100	15,500
Armoured	1,510	240	2,810
USSR			1,250

*excluding French forces stationed in the area.

Source: *The Military Balance 1974/75* published by the International Institute for Strategic Studies, London.

But it is clear that these statistics are an imperfect way of describing the "balance" of forces between East and West. Mr Komlev points to some of

the difficulties: the composition and structure of military forces differs on both sides; the quality of weapons technology differs (with a western advantage in most types of sophisticated weaponry); the western armies are likely to employ more civilians in jobs which, in the armies of the Warsaw Pact, tend to be done by soldiers; the primary missions of armed forces are different (while the Warsaw Pact air forces include a large element of air defence, Nato air forces emphasise the strike and air support role; Warsaw Pact ground forces are designed for concentrated armoured advance, Nato ground forces for linear defence).

There are additional asymmetries. The Soviet Union has obvious geographic advantages in a European conflict. Her lines of supply and reinforcement are overland and shorter than those of the West, which depends for its reinforcements principally on units flown or shipped across the Atlantic from the United States. Another difference lies in the political function of military forces: in the Warsaw Pact areas, Soviet forces in addition to their task of defence against outside threat, are also intended to assure Soviet control over eastern Europe. In the West, military forces can concentrate on the primary task of defence and deterrence.

It is not difficult to continue this list of asymmetries and imbalances. After all, the military forces on both sides have not been organized in order to facilitate arms control but to provide, within the prevailing military concepts and economic constraints, an adequate means for military security.

The question confronting the delegations at the Vienna nego-

tations is, therefore, where to begin. A comprehensive approach, including all services and all military forces, all the territory relevant to a military conflict in Europe and, on both sides, all the members of the two military pacts might well be the most logical one. But it would also be the most complicated one. A limited, less than perfect approach is, therefore, likely to be the most realistic.

It is quite legitimate for Mr Komlev to argue in favour of the Warsaw Pact position in the negotiations. The task of the negotiations, however, will be to find a compromise which is acceptable to both sides and to the interest and concerns of the countries involved. To imply, as he does, that all the wisdom is on one side, is a contradiction in terms: there is no one way to approach military arms control in Europe.

But in spite of the importance of numbers, it is the political aspect of European arms control which is at the centre of the problem. The aim of arms control is no longer primarily to prevent a major military conflict in Europe, which few regard as likely anyway. It is much directed more at accompanying political détente; as a result, it becomes more political and less specifically military.

Vienna is determined by two political considerations: the view that political détente should restrict the political impact of military forces on European politics, including those of eastern Europe; and the desire to allow, by negotiating in a multilateral East-West forum, reductions of forces that some Alliance members might otherwise contemplate unilaterally. The West insists,

therefore, that after initial overall American and Soviet reductions, a numerical balance should be reached between Nato and Warsaw Pact forces—a ceiling of about 700,000 men in the ground forces of both sides—and that additional measures should be agreed to reduce the danger of surprise attacks and to curb the possibilities for using military forces to exert political pressure.

The Soviet and Warsaw Pact position in Vienna reflects different political considerations. The eastern side insists that the negotiations should not alter the military situation in Europe. It regards arms control negotiations in Europe as a political instrument to prevent, or at least slow down, developments in western Europe which it believes are against its interest, particularly political and defence integration among the west Europeans. As a result, the eastern proposal seeks to leave the current military force relations—which favour the eastern side—basically unchanged, and to accept that there should be common and equal force ceilings for each side and tries instead to establish sub-ceilings for individual countries (particularly on West German forces) which are bound to affect the working of the alliance in the West more than the block in the East.

These different political considerations which underlie the positions taken in Vienna will not rule out compromise; after all, political considerations tend to allow for greater flexibility than mere numerical calculations. But they point to the real complexities of military détente for the European states: the fears that military force, even if reduced, might still be used:

the concern that alliance or pact solidarity might come under strain in the process of détente, or that political influence might be sought through the instrument of arms control negotiations. Even the most balanced reduction of military forces in Europe will only go some way to help alleviate some of these fears and concerns. But they will not by themselves, dispel them and in uncertain political circumstances may even give new cause for suspicion.

Only if it can diminish false suspicions and increase real trust can European détente be a durable contribution to European security. In the military field, the major obstacle to trust is not so much the existing imbalance of forces as the secrecy, particularly in the Soviet sphere of power, surrounding them. Here lies the political chance of the Vienna talks and, at the same time, the reason why slow progress, if the negotiations succeed in making the elements of military power in Europe more transparent and lead to a thorough explanation of military motives and a sincere exchange of information, they can bring about the knowledge on which trust can be built.

To date, however, the Warsaw Pact is not prepared to engage in this exchange. For all of Mr Komlev's numerical arguments on western forces, the Soviet Union has so far refused to even discuss the statistics of its own military power in Europe.

Christoph Bertram

The author is Director of the International Institute for Strategic Studies.

© Times Newspapers Ltd, 1974

'Peace on the cheap' has left South Vietnam on the brink of defeat

The Vietnamese on both sides in their forgotten war have begun taking heavy casualties again, with 6,000 soldiers reported killed, missing or wounded in the first months of the year for many months of the White House and the State Department have made concerned statements about the situation.

A new analysis by an old military hand in Saigon—Vietnam's Menacing Ceasefire, by Brigadier F. P. Serong—affirms that South Vietnam is now dangerously close to defeat. And it says that unless (which is now unthinkable) the United States floods the South with weapons and ammunition for Saigon to launch its own offensive, "the military prognosis is negative". Brigadier Serong, who is an Australian with 12 years' experience in Vietnam, was the first senior member of the western military establishment to have been frank enough to spell out the hopelessness of the position South Vietnam is now in.

For almost a year the communists have been militarily capable of launching a limited offensive against selected targets. Brigadier Serong says that Hanoi is now ready to move, and if it did, South Vietnam would face a full-scale offensive with no stockpile of ammunition and no ammunition factory, while resupply from the United States (even if the Americans would provide the money for it) takes ten weeks. South Vietnam's soldiers are spread thinly already. There are no reserves. And the soldiers' morale is eroding, according to Brigadier Serong, partly because they are hungry, as inflation has reduced their salaries to the

barest subsistence level, and partly because, with the cease-fire almost two years old, they badly want to stop fighting.

The communists now control virtually half the land (see Brigadier Serong's map). As he says, they initiated major battles only 20 miles from Saigon more than once last summer: they frequently closed all major roads into Saigon (except Route 4 from the Delta); communist anti-aircraft equipment reaches to within 100 miles of Saigon, and tactical South Vietnamese aircraft are vulnerable north of Saigon, while civilian aeroplanes too have been brought down in the Delta for infringing the Provisional Revolutionary Government's airspace.

On one detail on communist tactical strength however, Brigadier Serong is wrong—the notorious 12 airstrips created by the communists since the cease-fire are not capable of handling North Vietnam's MIGs. According to American intelligence sources, all except Loc Ninh and Khe Sanh are no more than dirt tracks.

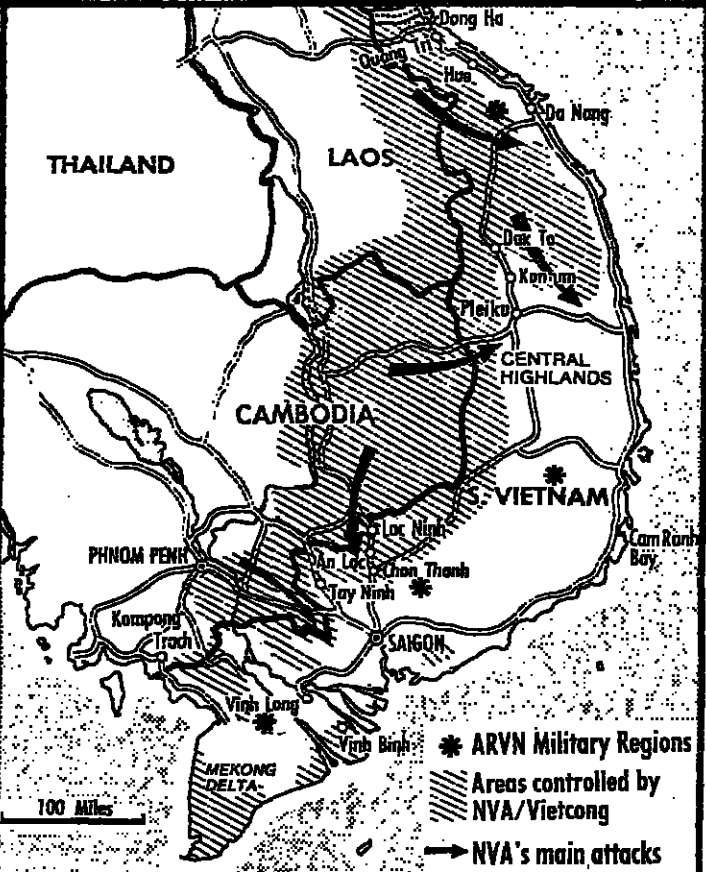
Since the cease-fire inflation running at an annual rate of 70 per cent has not only crippled the first wage earners, soldiers and bureaucrats who were previously the Government's most secure power-base—but also undermined the society by giving a fresh impetus to corruption. Brigadier Serong says flatly that corruption is out of hand. The anti-corruption movement which shook the regime this autumn, causing President Thieu to take the unprecedented steps of dismissing three of his four corps commanders and a clutch of ministers including his right-hand man, the former Interior

Minister, Hoang Duc Nha, was run by a highly conservative Communist group only brought on by the utter despair at the blatzky of corruption at every level of government.

There is only one long-odds economic hope on the horizon which could conceivably change the political and military equation—all. Pecten Vietnam, a subsidiary of Shell, has recently found oil off the coast of Vung Tau, east of Saigon, but it is too early to say whether Vietnam's economic disaster could be staved off by income from oil coming in in large enough quantities, and soon enough.

Apart from the 13 oil companies which paid \$45m to take a chance on the possible riches of the South China Sea, virtually no new capital has been tempted into South Vietnam since the cease-fire. A \$40m French project, and a \$62m Hilton Hotel are among the bigger projects which have failed to come off in the past 18 months. According to Brigadier Serong these failures are partly due to Vietnamese investment laws not being suitable for really high risk capital, but also, he says, to a bureaucratic naivety and ill-timed American aid which are almost unique.

Besides the failure to attract commercial capital, Vietnam has not received the aid from Japanese and Western European countries which was expected in compensation for the dollars the Americans let them get near the National Bank, or that the Bank can reliably trace back dollar receipts to transactions with the communists, so I would not believe this hard figure. Though Brigadier Serong's point that Saigon was and is ambivalent about enforcing the economic blockade against the communists, partly because of the dollars to be gained, is important. Brigadier Serong puts up



dollars, is well authenticated by American and other sources in Saigon. Brigadier Serong claims that a staggering half a million dollars a day from this source were reaching the National Bank in the first quarter of 1974. It is highly unlikely that the Generals and the Chinese rice merchants who receive the dollars let them get near the National Bank, or that the Bank can reliably trace back dollar receipts to transactions with the communists, so I would not believe this hard figure. Though Brigadier Serong's point that Saigon was and is ambivalent about enforcing the economic blockade against the communists, partly because of the dollars to be gained, is important. Brigadier Serong puts up

poor political readings of the leadership of both North and South Vietnam, both of which he considers immobilized by power struggles. The dynamics of both are more complicated and full of unknowns than that. But as far as the military leaders in the South are concerned, he conveys as only someone close to them could, the bitter disillusion with the Americans' "peace with honour", which was actually, in his phrase "peace on the cheap", with which they now face the prospect of an unwinnable war in which the communists have all the options.

Victoria Britain

Vietnam's Menacing Ceasefire is published by the Institute for the Study of Conflict, price £1.

A good friend for Britain

Mr Elliot Lee Richardson, who is to be the next American Ambassador to London—or to the Court of St James, as Americans always say with the greatest satisfaction—already occupies an honoured place in American history. He was Attorney General of the United States until the Saturday night massacre, when he resigned rather than dismiss Archibald Cox, the special Watergate prosecutor.

He has other claims for recognition, especially for getting rid of the then Vice-President Spiro Agnew. Some puritans in his native Boston regretted that Agnew escaped trial, but Mr Richardson had a larger duty to perform. He had to ensure that an honest Vice-President would be ready to succeed Nixon.

Mr Richardson is a Boston Brahmin, the epitome of the white Anglo-Saxon Protestants who ran the city until they were lamed by the Irish. They also ran much else in the country. They are generally men of great probity, who perhaps because of comfortable family trust funds regard public service as a duty. Mr Richardson has a greater sense of duty than Mr Richardson. For instance, one of his earlier ambitions was to be Governor of Massachusetts. He served as Lieutenant Governor, and the governorship was almost his for the asking when his friends pleaded with him to run for the state Attorney Generalship.

They argued that the other candidate was unfit for office, and something had to be done to clean up the state. Without hesitation he responded to their appeals, and he served as Attorney General with great distinction, until he went to Washington in 1969 as Under Secretary of State.

Mr Richardson has since nurtured presidential ambitions, and his friends are wondering if, in accepting the nation's embassy, he has again put public duty before personal ambition. This is doubtful. Mr Ford is not yet a lame-duck President and Vice-President Rockefeller has boundless ambition and energy.

Mr Richardson will be 55 in July, and therefore has plenty of time. He would almost certainly make a good President, but probably not a good candidate although he did well on the Massachusetts hustings.

A small price to pay

He is a quiet contemplative man as is reflected in his composed face and his expert diction. He thinks before he speaks, which does not make for the repartee that Americans enjoy in their campaigns. His deliberate approach to the Agnew case drove some of his assistants mad, but that was a small price to pay.

Whatever his future, Mr Richardson has led a good life by Boston Brahmin standards. He graduated cum laude from Harvard and Harvard Law School, and won a Bronze Star and Purple Heart in the United States 4th Infantry during the Second World War.

He was a success at the State Department, and then in fairly rapid succession served as Secretary of Health, Education and Welfare, Secretary of Defence and finally Attorney General. It has been an extraordinary career, and he should make a good ambassador. London is no longer the diplomatic plum it once was, but he has a natural affinity for most things British. In the dark months ahead he will be a good friend of Britain.

Louis Heren



"Mr Pickwick and I hope you'll join us to bring happiness to lonely old people this Christmas."

Harry Secombe

"I also hope you're looking forward to a Christmas with friends, good food and warmth."

When you're old and alone Christmas is the loneliest day of the year, for your memories return. You know the happiness that's in other people's homes—and the sad silence in yours.

Send the gift that will help someone in a miserable, cold room to move to a friendly Help the Aged flat—or put something towards one of the Day Centres that do so much to cheer up lonely old folks.

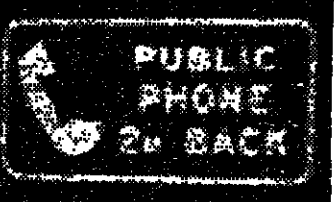
For every £3 you'll add £60 towards extra flats, because of loans. You'll give happiness for years to come (and you can't say that of the £5 you may spend on a turkey). If you want to recall happy times with someone dear to you, £150 names a flat.

Put some Christmas joy in an envelope and share some happiness this Christmas.

The Hon. Treasurer, the Rt. Hon. Lord Maybray-King, Help the Aged, Housing Association Ltd., Room T6, 8 Deuman Street, London W1A 2AP.

The Times Diary

Lord, the leaping cost of it all



Today's chirlishly unhelpful road sign was photographed in Australia on the toll road between Sydney and Newcastle, by Simon Alsop of Ilford.

would now cost £15, and geese and swans are up as well. Even 11 ladies dancing, who wield scant industrial power, are up from £400 to £450, and the total bill for all 12 days (remembering that the partridge in the pear tree is given on all 12 days, the turtle doves on 11, and so on) is now £4,905.88. You have four shopping days left.

Debugging

Since the Watergate tapes, Washington reporters have been sensitive about any tampering with official records. There was, therefore, a small storm in a cocktail glass when it was found that three words had been erased from the official version of a briefing given by a "senior official" (the one with the German accent) on the way home from the Martinique summit.

Questioned about criticism of President Ford's travelling, the official replied: "It is a mistake to assume domestic policy is made by sitting home, pressing buttons and bugging people."

Pool reporters had it all on their tape recorders, but in the official text the last three words of that answer had been pencilled over clumsily. On investigation, it was found that the culprit was Ron Nessen, the White House press secretary. His deputy said he thought: "He might get confused about what 'bugging' meant."

Self-fulfilling

In the past two years, this column has waged a persistent but spectacularly unsuccessful campaign against newspapers which wilfully spread gloom and panic unnecessarily. There is, heaven knows, enough real misery about, without adding to the quantity. And stories of imminent shortages, queues and other inconveniences can so easily become self-fulfilling.

The Daily Mirror is the latest offender. PETROL MANIA! I screamed on its front page, explaining that "long queues are expected" as some garages closed until fuel to stop motorists filling up before the price increased. No doubt there were some fairly long petrol queues yesterday, but mania was not the word to describe it.

the Mirror's incitement. On the way to the office I passed three garages in the Wandsworth Road, all serving petrol, but none with a queue of more than four cars.

Another report of a different but equally pernicious kind was in the Daily Express. This warned that beef was going to be dearer than ever this week-end and said butchers were blaming the Government's cheap beef scheme for pen-

The crafty old folk, it seems, "including aided people", are "leading the rush and snatching up steak, sirloin and roasts with 20p tokens they have saved for three weeks for a Christmas treat". Disgraceful. They ought to stick to scrag end, faggots and other meats appropriate to their station.

The British embassy in Washington complains of an inaccuracy in my report of the spelling of "centenary" as "centenary" on the invitations to their recent Churchill celebration dinner. They say the word was spelt correctly on the invitations sent to the main protagonists of the Soaness, the Kissingers and the like. The mis-spelling came only on the invitations to drinks sent to the lower orders, who were presumably thought to be insufficiently cultured to notice.

Their slice

The House of Floris, the Soho confectioners, are now licensed to manufacture Womble cakes. "A spirit of Christmas", the firm's spokesman said yesterday, "has entered into our relationship with Wombles Ltd."

Eventually Wombles Ltd, who own the lucrative copyright in all things Womble, sent a sharp letter calling on them to desist, or apply for a licence.

Floris was sufficiently incensed by the letter to display it, beside a Womble cake, in their window, with a notice of their own regretting the Wombles' attitude and asking customers to order not Womble cakes but "cakes resembling a small brown, furry animal with hat and scarf".

In the public mirth ensuing (people came from the other side of Soho to see the un-Womble cake), Wombles Ltd relented, and yesterday they sent round a representative with a free Wombles poster emblazoned: "We can bake a Womble cake. Floris think the representative must have been a public relations man because, while he was there, he asked them quietly if they would not like to make cakes of Paddington Bear as well."

Red faced

David Greig, a cocktail barman, was yesterday presented with a cheque for £200 as part of his prize for winning a competition organized by a vodka firm of Warrington, Lancashire. He eagerly pocketed the cheque but was less enthusiastic about the other part of the prize—a week's holiday in Warrington. He has decided to spend a weekend only "things to do", he confessed.

To win the prize, Greig had to say what he liked most about the vodka and invent a slogan for it. Remembering the spy theme of his cinema advertisements, he hit upon the idea of having a Russian secret agent saying: "I keep me warm on these cold Moscow nights." He may be treading dangerous



ground. Soviet Embassy staff in London recently stormed out of a press preview of an advertisement featuring a march past in the Red Square.

The runner-up, who received £100 and a chance of two weeks in Warrington, was not at yesterday's presentation. He was too ashamed and insisted on anonymity.

The reader of the 9 am news on Radio 4 yesterday came dangerously close to editorializing when he described Robert Mulish as "the Government cheap whip". But he corrected himself with impressive speed.

P.H.S.

هكذا من الأصل

هكذا من الأصل

a Special Report on
development and investment

BRAZIL

After a decade of unprecedented growth, 1975 will be a crucial year for development. The world energy crisis and the fivefold increase in oil prices have had a particularly severe impact. But new reports of substantial offshore oil finds and modified industrial expansion plans will continue to attract investment to exploit the country's enviable natural resources

New climate brings critics out in the open as a hitch develops in the economic miracle

Michael Frenchman

In the last few weeks of the year, Brazil has received two shocks: the hint of a revival, and the report of substantial oil discoveries.

The first surprise, the election of the new President, Mr. Ernesto Geisel, was a welcome surprise, but the full results of the election have yet to be evaluated and talk of a new era of development within the country is still in the air.

Oil has been found in the Campos field, some 100 miles offshore from Rio de Janeiro, and off the two northern states of Alagoas and Sergipe, there is no doubt how much.

Mr. Araken de Oliveira, the new president of Petrobras, the national oil company, has said that it will take at least a year to prove the wells. Petrobras experts are reluctant to discuss the find in any detail but say that an announcement will be made within about six months.

The impact of these latest oil finds on the country's economy will be closely followed by many who criticise Brazil's foreign debts, which are expected by some bankers to reach \$20,000m by the end of the year.

This year has seen many changes, beginning with General Ernesto Geisel, the former head of Petrobras, who followed Emilio Garrastazu Médici as President in the spring, and immediately adopted a more liberal attitude towards government.

The huge industrial expansion which had continued unabated for nine years halted in some sectors as the economy reeled under the effects of the worldwide energy crisis.

In the first nine months of this year imports have risen by 105 per cent and exports by only 14 per cent, according to some sources. The effect of increased oil prices have reverberated throughout industry and temporarily taken the gloss off many of Brazil's industrial achievements, particularly in the motor industry.

Although this sector had a 30 per cent rise in output in the first quarter of the year, the start of a substantial cutback is being felt. Steel production and plans for its future development have also been revised and more realistic targets set.

Higher transport costs and dearer imports have resulted in a rapid increase in the cost of living in São Paulo and Rio de Janeiro. Inflation is expected to reach an officially recognised 32 per cent, although in real terms this will probably be 40 per cent by the end of the year.

Also, government policy to urge state-controlled organisations to buy nationally instead of going abroad will decrease the reliance on imported machinery. Although the total deficit next year is likely to be huge it need not be any larger than in 1974.

Brazil has vast natural resources which are and always will be the key to its future development—iron ore, tin, and other minerals, and now possibly oil. In addition electric power has been totally under-used and only about 10 per cent of its 150,000 MW of hydro-power—Brazil's cheapest source of energy—has so far been harnessed.

The need for cheap power and less reliance on energy sources from abroad has meant a change in general planning policy. Communications and accessibility to the country's untapped wealth have until now meant an elaborate programme of road building, but often these have been more of a political symbol than of great practical use, except in the case of roads like the Brasília-Betim highway which has encouraged hundreds of miles of ribbon industrial development away from the traditional focal points on the coast.

Present road construction plans will be completed but more emphasis will be put on an expanding rail network as one of the main communication links. Foreign loans for roads and railways have been pouring into the country during the past year and the Banco do Brasil alone has been responsible for raising \$400m. Brazil is expected to need about \$500m for improving the railways in the next five years.

Only now is the country's natural potential being realised abroad. The list of international companies operating independently or on a joint venture basis is endless. Although it does not include a great many from Britain as yet, the latest development plans present many opportunities particularly in metal industries and communications.

Until now Brazilians have been content to pull together and lay the foundations for a strong independent country. They have faithfully followed the plans laid down by civilian technocrats chosen by the military regime.

It can be argued that what has been achieved could not, in a country as large as Brazil, be achieved with the difficulties existing before 1964, have been done in any other way. Brazil has been, and will be, a not altogether unexpected

most likely remain, the most stable economy in South America, with perhaps the exception of Venezuela. Almost to a man, no Brazilian wishes his country to follow the ways of some of his neighbours. And for this reason, and the realization that they must build Brazil themselves, a new generation has grown up learning a language in which the word "politics" does not exist.

But now it would appear that there is sufficient confidence for the beginnings of a true democracy to show its face in the light of what may become a much more enlightened government. In this case Brazil's image always a sensitive topic, will take on a new look and become an encouragement to investment along more moderate lines bringing more and more people into the money economy.

Houses, taxis and cars in 21-point energy saving programme—but petrol stays cheap

Roger Vielvoey
Ry Correspondent

It is an enviable record of energy saving in Brazil. In the last few weeks of the year, the fivefold increase in oil prices over the year has not increased the bill for oil by more than 200m—only two years ago it was less than \$500m a year.

With its huge size and variety of other resources, the country has not been able to produce more than 10 per cent of its oil needs from indigenous resources.

The days of surpluses of crude oil throughout the world, acquiring the 73 per cent of the country's oil requirements from foreign sources was a far economic proposition intensifying the search for oil in Brazil.

In the Arab-Israeli war, October, the subsequent embargo on supplies to the United States, restrictions on exports of oil to other countries, as well as the quadrupling of oil prices and further price rises this year, dramatically altered the picture.

With oil accounting for more than 80 per cent of the country's energy requirements, Brazil like every other oil importer has been hit by a huge rise in its oil bill. The result has been a substantial upsurge in the efforts to increase the amount of oil that can be won from Brazil's own oil sources and efforts to economise in the use of fuel.

Like most other countries, oil has also been discovered in many areas there is a widespread waste of oil and its conservation and economy make a far easier path to a lower oil import bill in the expensive and much more difficult task of looking for oil in inaccessible places.

Following the example of the United States and European governments, Brazil has established a council to study energy conservation and produce a national programme to reduce the use of oil.

There is, however, considerable debate about the effectiveness of the measures so far proposed. A list of 21 recommendations has been issued some of which have only a marginal effect on demand, or instance, price controls on parking fees are to be introduced in the hope that saving parking charges may discourage the use of cars.

On the other hand, the toll roads will be increased and speed limits will be more strictly enforced. In addition, the bus and taxi system will be rationalised to reduce excessive cruising.

But the conservation commission has held back from recommending the one measure likely to be most effective in reducing consumption, heavy price increases. Indeed, Mr. Simonson, the Finance Minister, has said there will be no increase in the price of petrol until the beginning of the new year. Meanwhile, Brazilians can buy petrol at about 50 per cent below pump prices in Europe.

However, if the Government is really serious about reducing its national oil consumption, substantial price rises are inevitable. Similar action in Europe over the past year has proved effective by giving an incentive for both the business and non-business motorist to cut non-essential motoring.

But reducing sales of petrol will not solve the country's energy problems. Over the past few years other types of oil-based fuels, including aviation fuel and diesel oils, have been expanding although growth in the consumption of fuel oil by industry has been less spectacular.

One of the most effective ways of reducing the diesel oil load is the transfer of long distance goods haulage from the roads to the railways, a measure that is being given urgent consideration.

The campaign for greater self-sufficiency in oil has led to the appointment of General Araken de Oliveira, the former head of the National Petroleum Council as the president of Petrobras, the state-owned oil company, and the biggest industrial grouping in Brazil.

Offshore drilling programme

Hopes of a state of new finds within Brazil's borders have been encouraged by the discovery of oil during a Petrobras offshore drilling programme in the waters around Campos in Rio de Janeiro state.

The discovery has been named Garoupa and after a visit to the location recently Mr. Shegaki Ueki, the Minister for Mines, said that preliminary indications showed the field might have reserves of 800 million to 900 million barrels—equal to the total of all other Brazilian reserves now known—a major discovery by any standards.

Thirteen structures have been identified and an assessment of the Garoupa field combined with a detailed study of all the remaining structures in the area is being carried out to establish the full extent and potential of the discoveries.

According to the Government, an accurate forecast of the time necessary for the Garoupa field to start commercial production is not yet possible. However, the assessment should be complete within six to eight months with commercial production within two to three years.

After the find, government sources were quoted by a local newspaper as saying that discovery on Brazil's continental shelf could make the country independent of foreign oil resources in 1979. But it would take some time for these new fields to be developed and it is doubtful whether the development programme could be pushed ahead quickly enough to give the country any more than 75 per cent self-sufficiency by the turn of the decade.

Foreign oil sources are sceptical about the claims for self-sufficiency being made for Brazil. But it is generally agreed that Brazil could easily step up its domestic production levels by 35 per cent during 1975 to 250,000 barrels a day out of a daily consumption of more than 800,000 barrels.

The arrival of General Araken de Oliveira has led to a new mood of realism in Petrobras statements about the potential of Brazil as an oil-producing nation. There are no longer flamboyant statements predicting that major discoveries on the scale of the Middle East are just around the corner.

The general admits that the chances of making really large strikes in Brazil are remote and that while Petrobras will continue to spend large sums on exploration, at best it is likely to find a series of small fields. However, with oil now so expensive, even small reservoirs are valuable.

Ever since it was created in 1953, Petrobras has jealously guarded its monopoly position in sales as well as exploration and production and now has the unenviable position of being the largest single crude oil purchasing agency in the world. In the past, there have been frequent rumours always promptly denied, that it was about to take a foreign oil company as a partner in the oil search. ENI, the Italian state energy company, has always figured prominently in these rumours.

The energy crisis has brought renewed speculation that Petrobras is considering negotiating service contracts with international oil groups to help the exploration effort. As always these rumours have been denied.

"We are not interested in such contracts at the moment", Mr. Ueki said recently. Petrobras had the technical and financial resources to complete the country's exploration programme, he added.

While Petrobras's failure to find large crude reserves has partly resulted from the lack of first-class geological prospects, the current crisis caused by soaring oil import costs has led many Brazilians to question the wisdom of continuing the state monopoly in the exploration side of the business.

There is good reason to think that this view is gaining greater acceptance in political circles. While foreign participation in the oil industry was not an issue in the campaign for the mid-November congressional elections, there is thought to be considerable opposition to any dilution of the state monopoly although this is more likely to come from political rather than oil industry lobbies.

According to some sources the President, General Ernesto Geisel, a former president of Petrobras, would like to find a political solution that would allow him to introduce foreign skills into the oil search. He is thought to have the support of General de Oliveira in this policy.

Government circles in Brasília are already speculating that the President is prepared to ignore the protests that would be certain to arise, and announce foreign participation—strictly on a service contract basis—early in the new year.

One of the most intriguing statements has come from Mr. Ueki, who after denying that foreign participation was necessary added: "If tomorrow there is the need, we can study the matter as long as no injury is inflicted on the monopoly law". Under the terms of a service contract a foreign operator would only provide advice and drilling skills and remain at all times under the direct control of Petrobras.

Perhaps the most important development undertaken by Petrobras in recent years is the formation of its Braspetro subsidiary which has undertaken a number of joint exploration agreements with other groups in the Middle East, Africa and Latin America. Since the increase in prices the company has begun looking at the possibility of extending its activities to include exploration work in Canada and the North Sea.

Braspetro was established in early 1972. It has signed exploration and drilling agreements in Colombia, Iraq, Malaysia, Republic and Egypt.

The company acquired from South Down Inc 50 per cent of the common stock of Tenneco and in turn 50 per cent and 100 per cent respectively of the concessions and applications for concessions made by Tenneco and its wholly-owned subsidiary Petrocol in the Yari and Refugio basins of Colombia. The

area involved in the transaction amounted to 20,000 sq km. In Iraq, a contractor agreement was signed with the Iraq National Oil Company covering 7,900 sq km, in three areas in the central and southern parts of the country (one between Baghdad and al-Falujah, one between al-Kut and the Iranian frontier, and the other north of Basrah). Under the terms

of the agreement, the Brazilian company must invest a minimum of \$12m on exploration and appraisal during the initial seven-year period. It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

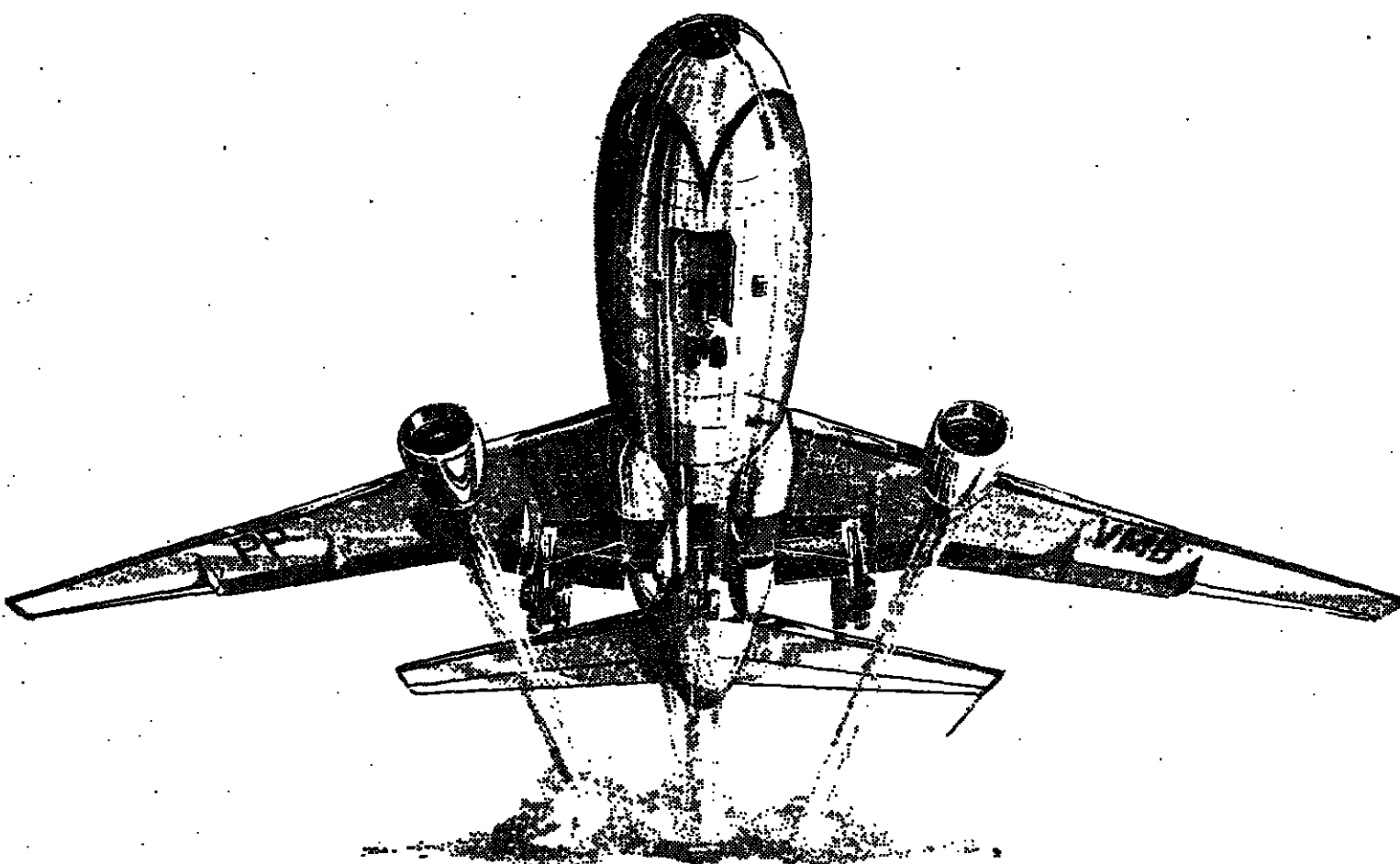
Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

Braspetro's participation in Malagasy is based on discussions held in early 1971 will be the sole owner of oil at the wellhead. Braspetro will be entitled to buy a percentage of production at "guaranteed sales price". It will also be responsible for marketing up to 300,000 barrels a day of production at an agreed international market price less 0.5 cent a barrel commission.

VARIG -
the direct approach
to Brazil.

If you're looking for the direct approach to South America, you've found it.

No other airline, indeed no other scheduled means of travel can get you to Brazil's cities of opportunity quicker. In the case of São Paulo, VARIG is the only airline that flies you directly into the heart of the city's busy commercial quarter.

On the other hand, while your VARIG-DC-80 (the plane of the moment) or Boeing 707 is hurrying across the world, you're not.

You couldn't be more relaxed. You'll linger over meals that are rated even by the most

discerning air traveller as being among the best above the clouds. And your choice from a superb menu of Brazilian and international dishes is completed by Brazil's famous cafezinho and complemented by the country's equally famous hospitality.

In just one way, however, we make your choice of approach a tough one. In offering 16 flights a week from London and other major European gateways to Rio and São Paulo we offer more than any other airline.

It could provide you with that moment of indecision. More likely it could provide the service that is tailor-made for your trip to South America.

Finally, a footnote on freight. If you have business in South America then you've probably got freight you want to fly there. With the recent introduction of an additional all-freighter flight, we've lifted our cargo capacity between the principal cities of Europe and South America to an all-time high of 600 tons a week.

Well there's a lot to be said for being direct. For reservations or advice, consult your IATA agent or nearest VARIG office.



A new look for Rio's Copacabana beach An oil-drilling platform is being towed out to sea where a major oil strike is reported to have been made about 50 miles off shore.

هكذا من الأصل

... and engineer export coups

was a need for a "financial engineering service" in respect of main infrastructure projects, as well as the modernization of transport infrastructure. The support of financing sales of British capital goods to Brazil. The merchant banks were to and to seize this opportunity and, with the backing of the Export-Import Bank Guarantee Department, a sizable number of financing arrangements were set up for projects and for individual companies. The support of the British trade fairs in Sao Paulo.

As the financial requirements of investment projects increase in size and complexity, the need is arising for a service to coordinate the export finance available from the developed industrial nations in Europe.

that any big deposits in the pattern of the merchant banks' involvement in Brazil took place. The remarkable growth in the country's gross national product, the massive investment in productive facilities without the help of a developed financial system, the insatiable demand for foreign funds to fulfill local sources of finance.

In the early days after the bloodless revolution of 1930, foreign lendings were rarely for more than six months at almost exclusively in respect of trade transactions. However, political and economic policies in Brazil coincided with the period of explosive growth in the Eurocurrency market which was busy seeking new and secure lending

In an attempt to control the ensuing inflow of funds, the minimum permissible period for foreign borrowing of a purely financial nature was steadily increased to 10 years. At the same time it was hoped that this would have the effect of encouraging direct capital investment instead of debt financing.

As increasingly large amounts of money were required for longer periods, the merchant banks' role came one of syndicate managers with the financiers, divided by groups of banks or more financial interests. As a result of this activity and the close relationship it created with the shipping public and private factors, merchant banks were frequently asked for assistance in determining the growing needs, potential resources and the acceptability of the terms and conditions

for international
operations.
-With the increase, in
lic and private investme
became obvious that

Foreign Network: London, New York, San Francisco, Paris, Hamburg, Frankfurt, Lisbon, Madrid, Milan, Amsterdam, Tokyo, Mexico City, Panama, Buenos Aires, Montevideo, Asuncion, La Paz, Santa Cruz de la Sierra and Santiago de Chile. Opening shortly: Los Angeles, Beirut, Rome, Stockholm, Caracas, Toronto, Cochabamba and Puerto Strossener. Banking correspondents throughout the world.

London Branch: 16-17 King Street, EC2P 2NA. Telephone: 01-506 7101. Telex: 888698.

BRAZIL BOOM

TRADE

	Value of Imports (fob) \$m			
	1973 Jan-June	1973 July-Dec	1973 total	1974 Jan-June
Unprocessed foodstuffs	186	296	482	418
Wheat	143	193	336	218
Other	53	103	156	200
Processed food (inc spirits and tobacco)	19	57	76	68
Mineral products	301	522	823	1,367
Petroleum	224	393	617	1,108
Other	77	140	217	259
Chemical products (inc natural and synthetic rubber)	413	603	1,016	729
Textiles and textile products	39	55	93	91
Metal and metal products	304	520	824	929
Machinery and equipment (inc electrical and transport equipment)	932	1,211	2,142	1,349
Other imports	297	456	753	614
Total imports	2,501	3,720	6,192	5,585

In 1971 a new system for classifying Brazilian imports was introduced. The FNBB Economics Department has attempted to reclassify imports for 1970 and 1971 according to the new system. In some cases available data have not made precise reclassification possible. In these cases, items under the new system have been left blank, and the respective imports have been included under one or more other items.

Sources: Central Bank Report (September 1974), Ministry of Finance

	Value of Exports (fob) \$m			
	1973 Jan-June	1973 July-Dec	1973 total	1974 Jan-June
Agriculture, forestry, fishing and livestock	558	686	1,244	469
Coffee (beans)	109	109	218	54
Cotton	91	58	149	16
Frozen beef	2	1	3	0
Corn	36	27	63	25
Pine wood (boards)	20	69	89	60
Cocoa (beans)	143	350	493	110
Soya beans	126	297	423	68
Sisal	20	39	59	63
Other	246	220	466	262
	1,351	1,856	3,207	1,127
Manufactured Goods	256	261	517	405
Processed food (inc instant coffee)	238	315	553	249
Sugar	83	114	197	158
Machinery	28	25	53	25
Metal products	20	33	53	35
Chemicals and pharmaceuticals	29	47	76	57
Textiles	49	45	94	59
Other	301	545	846	573
	1,035	1,397	2,432	1,585
Mining	165	197	363	237
Iron ore	14	4	18	22
Manganese ore	10	8	18	8
Other	190	209	399	267
Other exports	70	91	161	97
Total exports	2,645	3,553	6,199	3,076

Sources: Central Bank Report (September 1974)

* Provisional data at November, 1974

The keynotes to Brazil's export drive this year have been expansion and diversification; in particular, Brazil has sought export markets outside its traditional trading partners of Europe and the United States. One area in which commercial interest is growing is Asia, particularly Japan and China. Already Japan has invested \$1,000m in Brazil and Brazil has great hopes of increasing trade with China, which has a domestic market of 800 million people.

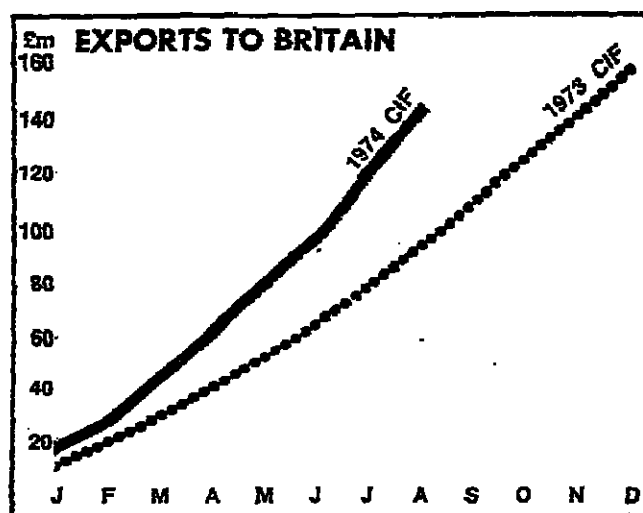
In addition, Brazil is building up links with Latin America. Trade with ALALC has increased significantly; for diplomatic as well as economic reasons Brazil has been seen in the past as an ally of the United States, which has alienated other Latin American countries. Africa also is considered a potential market. Brazil at present is pushing hard to increase trade with Arab countries. A conference held in Rio in May discussed ways of increasing trade and investment. The possibility of creating an international bank with joint Arab-Brazilian capital has been considered recently.

Brazil's increased export drive has been necessary in order to offset the country's current trade deficit, caused principally by the steep increase in the price of oil. Oil imports rose from \$224m in the first six months of 1973 to \$1,103m for the equivalent period this year and it has been estimated that Brazil's oil bill this year could reach \$3,000m. In addition, although exports have increased this year, they have not grown as much as imports.

Total exports for the first six months of the year increased from \$2,501m (January-June 1973) to \$3,076m while imports more than doubled, the 1973 figure for the first six months increasing from \$2,501m (fob) to \$5,585m for the equivalent period. It has been estimated that for Brazil's balance of payments to reach equilibrium, the country would need to increase its total exports by \$2,000m a year.

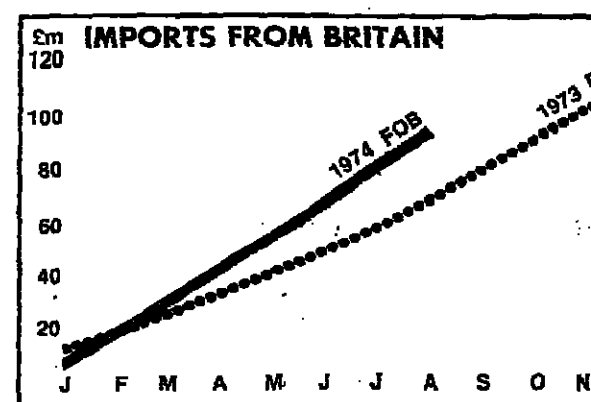
Although early in the year there were high hopes that agricultural exports would enable Brazil to reach its export target of \$8,000m, coffee and soya have done less well than expected and it is now not certain whether the year's target will be reached. Latest export figures from Cacex estimate the value of Brazilian exports for the first eight months of this year at \$4,475m (manufactured products \$1,842m), an increase of 14.1 per cent compared to the first eight months of last year.

Exports to Britain



Direction of Trade	
Exports	1973 \$m
United States	1,240
Canada	81
LAFTA	558
EEC	2,306
EFTA	298
Comecon	422
Japan	428
Other countries	865
Total	6,198

Source: Cacex



INDUSTRY AND MINING

Current outlook	SEPT (P) 1974	SEPT 1973
	1974	1973
Production (1,000 tons)		
Pig iron	449.2	448.9
Steel ingots	612.0	614.5
Flat rolled	197.9	234.4
Tin-plate	20.8	18.3
Non-flat rolled	292.9	266.5
Sales (1,000 tons)*		
Uncoated flat products	185.1	244.1
Coated flat products	28.7	25.4
Stock/Sales*		
Uncoated flat products	58.2	24.0
Coated flat products	60.0	110.0

* CSN + Cosipa + Usiminas. Sources: IBS, Consider. (P) = provisional data.

In 1973, overall industrial production in Brazil rose by an estimated 15 per cent; it was this increase which counterbalanced agriculture's poor showing (3.5 per cent) and brought about an overall economic growth rate of 11.4 per cent.

Figures released in 1974 (preliminary official estimates) show that industrial production rose by 17.3 per cent in the first quarter, compared with the same period in 1973. The following sectors showed the greatest increases:

	increase
Transport equipment	+64.3 per cent
Chemicals and plastics	+30.7 per cent
Non-metallic minerals	+21.2 per cent
Metal and electrical industries	+13.2 per cent
Rubber	+10.2 per cent
Paper and board	+7.2 per cent
Steel ingots	+9.4 per cent
Cement	+20.4 per cent
Motor vehicles	+30.6 per cent
Tractors	+37.3 per cent
Petroleum	+5.3 per cent

Imports are now costing more, and so the Government is intent on expanding domestic production of electrical and electronic goods, because of the growing requirements for industry and the need to reduce Brazil's dependency on foreign imports. Expansion of these sectors will rely greatly on foreign investment.

Expansion is being encouraged by the state. Investments will be about \$1,000m for 1974 and 1975.

There are 39 steel mills in operation which in 1973 produced 7,129,000 tons of steel. For 1974, expected production figures are 8,500,000 tons.

Production by-products and exports

In 1973 iron ore output was 56 million tons, of which 43,500,000 tons were exported. 9,360,000 tons of steel were used internally (an increase of 28 per cent over 1972), and it is believed that this year, imports of steel will be kept below three million tons. Through the domestic supply of rolled steel (3,100,000 tons) was up by 6.4 per cent from last year; this is still 30 per cent short of national consumer demands.

During January-September, production of steel ingots was up 9.2 per cent over the figure for the equivalent period in 1973, though during the year production fell from May. September's output was 8.5 per cent less than May's and 3.9 per cent less than that of August.

Flat rolled steel - which has declined by 4.3 per cent from last year, largely because of the switch in production from ingots to non-flat rolled production - is up

ian Government set up Siderbrás (Siderurgica Brasileira SA), a mixed capital holding company to coordinate state-controlled corporations, and in February the BNDE established the Cia de Desamortização Siderurgica (Codesid) to organise the transfer of the majority state shareholdings in these companies to Siderbrás.

Various ventures have recently been approved, in which foreign corporations have put money into enterprises with Siderbrás as the majority shareholder among them. (Siderbrás may accept minority investments from foreign corporations into steel marketing and production and allied products.)

Usina de Tubarão (Espírito Santo) has a present capacity of three million tons of semi-finished products and an expected output from 1980 of six million tons. (Foreign partners Kawasaki, Japanese, and Finisider, Italian.)

Usina de Itaquí The state of Maranhão - set up by Siderbrás with 51 per cent, Nippon steel and other United States and European partners - is to start production in 1980, with a maximum capacity of four million tons of semi-finished products in its initial stage and then 16 million tons of semi-finished and rolled steel.

Investments in these two projects up to 1980 are estimated at \$9,000m and \$6,200m respectively. In addition, manufacturers from both public and private sectors are setting up new projects and expanding existing ones.

Expansion is taking place in: VOLTA REDONDA, USIMINAS and COSIPA, COSIPA (state of Guanabara) planned production

This represents \$200m. Geologists say there will be no fear of depletion as, even at expected extraction rates there are enough iron ore reserves in Carajás to last more than 300 years.

ACOS ESPECIAIS ETABRI is undergoing expansion. ACOS ANANGUERA AND CO MANHESMAN - increase capacity to three million and one million tons respectively.

According to the Minister of Industry and Commerce, a new 10-year plan for expanding the steel industry for the period 1975-85 will come into effect shortly with revised output figures which are considerably lower than previous targets.

The major mixed capital, mineral enterprises in Brazil are as follows:

1. Companhia Vale do Rio Doce (CVRD) is the largest metal mining complex in the western hemisphere, and is government controlled. It includes a transport network leading to its own beneficiation terminal. Alone, CVRD exported 37,500,000 tons of iron-ore in 1973, and with its associates Samitri and Petroco, exported more than 42,800,000 tons. These exports amounted to \$300m, an increase over the previous year of about 55 per cent.

At present CVRD operates two concentrators with a production capacity of five million tons a year. As the result of an agreement with the Italian company Finisider, a third concentrator will go into production with a pellet production capacity of three million tons a year. Other agreements will bring pellet production up to 17 million tons a year.

2. Anasideria Mineraca SA a joint enterprise of CVRD (51 per cent holding and its subsidiaries) and Cia Meridional de Mineracao, a subsidiary of United States Steel (49 per cent), which is developing the iron ore deposits of Serra dos Carajás, in the state of Pará, about 1,000 miles north of Brasília.

The metal mining is planned to begin in 1979, with an estimated average production of 44m tons a year through exploration and surveying is already under way.

President Geisel announced on May 10 that new minimum wage levels, representing increases averaging 20.8 per cent were to remain in force for three years. Monthly rates for the principal cities are as follows:

Sao Paulo, Rio de Janeiro, Brasília and Belo Horizonte, 376.8 cruzeiros; Porto Alegre, Curitiba, 350.4 cruzeiros; Recife and Salvador, 295.2 cruzeiros. As the Government is to retain tight controls on pay (the most effective way of keeping inflation under control) such salary adjustments as will be made, will be renegotiated as from August, taking into account an "inflationary residue" of 15 per cent and a "productivity coefficient" of 4 per cent.

New minimum wages

President Geisel announced on May 10 that new minimum wage levels, representing increases averaging 20.8 per cent were to remain in force for three years. Monthly rates for the principal cities are as follows:

Sao Paulo, Rio de Janeiro, Brasília and Belo Horizonte, 376.8 cruzeiros; Porto Alegre, Curitiba, 350.4 cruzeiros; Recife and Salvador, 295.2 cruzeiros. As the Government is to retain tight controls on pay (the most effective way of keeping inflation under control) such salary adjustments as will be made, will be renegotiated as from August, taking into account an "inflationary residue" of 15 per cent and a "productivity coefficient" of 4 per cent.

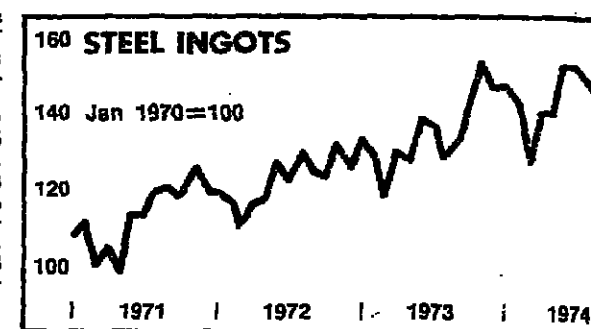
New minimum wages

President Geisel announced on May 10 that new minimum wage levels, representing increases averaging 20.8 per cent were to remain in force for three years. Monthly rates for the principal cities are as follows:

Sao Paulo, Rio de Janeiro, Brasília and Belo Horizonte, 376.8 cruzeiros; Porto Alegre, Curitiba, 350.4 cruzeiros; Recife and Salvador, 295.2 cruzeiros. As the Government is to retain tight controls on pay (the most effective way of keeping inflation under control) such salary adjustments as will be made, will be renegotiated as from August, taking into account an "inflationary residue" of 15 per cent and a "productivity coefficient" of 4 per cent.

New minimum wages

President Geisel announced on May 10 that new minimum wage levels, representing increases averaging 20.8 per cent were to remain in force for three years. Monthly rates for the principal cities are as follows:



Canacari (Bahia) to be completed by late 1977, including units producing benzene, toluene, paraxylene, mixed xylene and orthoxylene.

Petroquímica, Shell Brazil and the Pronorte and Uniao groups, will each take a quarter share in a new company which will set up, at a cost of 360m cruzeiros, a plant producing 50,000 tons of polypropylene a year. Monsanto (US) will build a factory at São José dos Campos (São Paulo) to manufacture rubber chemicals from 1976. Dow Química will set up a factory in the north-east manufacturing up to 150,000 tons of alkaline chloride a year.

Petrobras Química Fertilizantes (Petrofertil) will expand its plants in the state of Bahia to step up the annual production of synthetic ammonia and urea to 306,000 and 364,500 tons respectively. The Companhia de Petróquímica do Nordeste (Copena) is opening plants at Camacari to produce 500,000 tons of basic petrochemicals a year. Two Japanese companies have bought a 49 per cent share in Copene.

Synthetic fibres Mitsubishi Rayon of Japan will buy 15 per cent participation in Fibras Sintéticas da Bahia. Dupont do Brasil plans to expand investment from \$83m (current) \$200m by 1980, and plan double production of synthetic fibres, other petrochemicals and chemicals.

Export of synthetic fibres (rayon viscose) in \$

December date not included. Source: Brasil '74

It is intended to step production of plastics domestic consumption and 10 per cent increase in plastics has been forecast the furniture industry a 18 per cent, in packaging has been estimated that Sao Paulo continues to grow at its present rate, it cop absorb 240,000 tons of plastics a year.

Tax and other incentives have attracted foreign capital which is mainly responsible for the growth of the sector; particularly in the north-east, a priority area which comes under the Sudeco regional development plan.

COST OF LIVING

Cost of living, Rio de Janeiro (Guanabara)			
Percentage increase on previous December	June 1973	1974 (to date)	
Food	7.3	27.6	
Clothing	4.4	9.3	
Dents	6.6	15.9	
Domestic articles	5.6	13.5	
Medicines, toilet articles	5.4	16.1	
Personal services	10.7	19.0	
Public services	5.4	11.4	
Total	6.8	20.8	
Wholesale prices			
Percentage increase on previous December	June 1973	1974 (to date)	
Farm products	9.4	28.3	
Industrial products	7.4	20.5	
Foodstuffs	6.2	20.5	
Total	7.8	23.3	
Total (internal consumption)	8.0	23.3	

TOP TWENTY

Position	name	capitalization cr\$ m
1	Petroleo Brasileiro SA Petrobras	13,043,807
2	Centrais Elétricas de São Paulo (CESP)	12,307,424
3	Centrais Elétricas Brasileiras SA Eletrobras	11,775,820
4	Light Serviços de Eletricidade SA	5,302,999
5	Telecomunicações de São Paulo SA Telesp	4,707,256
6	Cia Telefonica Brasileira CTB	4,237,547
7	Cia Vale do Rio Doce	3,881,482
8	Rede Ferroviária Federal SA	3,781,897
9	Fepasa Ferrovia Paulista SA	3,770,129
10	Empresa Bras Telecomunicações Embratel	3,482,747
11	Cia Saneamento Básico Est de SP Sabesp	3,364,104
12	Furnas Centrais Elétricas SA	2,491,396
13	Cia Siderurgica Paulista Cosipa	2,436,685
14	Centrais Elétricas de MG SA Cemig	2,318,718
15	Cia Siderurgica Nacional	2,147,802
16	Volkswagen do Brasil SA	2,080,683
17	Cia Hidro-Eletrica São Francisco CHESF	1,999,047
18	Usinas Sid Minas Gerais SA Usiminas	1,853,043
19	Cia do Metropolitanano São Paulo Metro	1,511,282
20	Cia Soja Cruz Ind e Com	1,377,558

GENERAL

Brazil is a federal republic occupying the east and central area of South America. It is bounded by the Atlantic, and has common frontiers with all the countries of South America except Ecuador and Chile. It covers an area of 3,286,470 sq miles (almost half the South American continent).

It is larger than the United States, and has a population of 101,706,000 (1973 census) of which is increasing at an annual rate of just under 3 per cent.

The principal cities are: (pop. 1970) Brasília (capital) 271,570; Rio de Janeiro 4,251,918; São Paulo 5,924,612 (expected to become the world's largest city by 1984).

The President, General Ernesto Geisel, of Lutheran descent, took office on March 15, 1974. The state religion is Roman Catholic. The language Portuguese.

IF YOU CAN'T BEAT THE BRAZILIAN BOOM, JOIN IT.

This is exactly what manufacturers all over the world are doing right now. Investing in Brazil. Establishing new plants or associating with local enterprises.

If you are also interested in the fastest growing market in the world, talk to the bank who knows it best.



BANCO BRASCAN DE INVESTIMENTO S.A.

HEAD OFFICE: Rio de Janeiro - Rua da Candelária, 60 - 10.º andar - Phone: 223-1627.
BRANCHES: São Paulo - Pça. Dom José Gaspar, 134 - 12.º andar - Phones: 36-0899 / 37-6341 / 32-5277. Recife - Av. dos Guararapes, 253 - 4.º andar - Phones: 24-0871 / 24-0721 / 24-0200. Brasília: SCS, Ed. Central, QI - Bloco 1 - 11.º andar, sala 1108 - Phones: 24-9000 / 24-9100 / 24-9050.

مكتبة الأصل

FOCUS

فوكس من الأصل

FOCUS

Researched by Susan Morgan

VEHICLE PRODUCTION

though production figures of cars in the first nine months of 1974 are up by more than 22.8 per cent on 1973 figures for the same period last year the industry has been hard hit by a huge increase in the

price of petrol. Production during the year has declined and September's figures are down 3 per cent from August which is in turn down by 3.6 per cent from July figures.

It now seems almost impossible to reach the 1974

target of 880,000 units (20.5 per cent higher than 1973). The problem of slumps in car sales is by no means confined to Brazil. However there the problems have been compounded by industrial unrest, slowdowns by

workers, which will disrupt production further. Agricultural tractors. Despite increased output, there is still a shortage of domestic supply, which will probably reach 10,000 units (about 20 per cent short).

Cumulative statistics (Units)

	1971	1972	1973	1974	Jan.-Sept. 1974/71	1973/72	1974/73
total	378,040	448,852	522,578	641,533	+18.7%	+16.5%	+22.8%
cars	247,871	300,868	327,925	390,172	+21.4%	+9.0%	+19.0%
vans, wagons & pick-ups	97,863	107,886	143,369	189,587	+10.0%	+33.2%	+32.2%
trucks	29,051	36,422	46,838	55,533	+25.4%	+28.6%	+18.6%
tricycles	3,255	3,696	4,446	6,236	+13.5%	+20.3%	+40.3%

Source: Anfavea

SHIPBUILDING

relative newcomer in state of Rio de Janeiro. The 53,000-ton Doceanagra, the biggest vessel ever made in Latin America, was built here.

Companhia Comercio e Navegacao. Situated on Ponta d'Arela, Niteroi, state of Rio de Janeiro.

EMAO (Engenharia e Maquinas). Situated in Praia Rosa, Ilha do Governador, state of Guanabara. Builds tugboats, dredgers and trawlers.

Industrias Reunidas Caneco. Situated on Ponta de Caju, state of Guanabara.

Brazilian shipyards organized on a national basis to promote exports, and Daihatsu engines. Has a dry dock with a capacity of 30,000 dwt.

Estaleiros Unidos do Brasil. Situated in Jacuanga bay, Angra dos Reis, state of Guanabara.

Shipbuilding industry—capacity of shipbuilding docks or slipways

Shipyards

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Shipyard

Foreign investment

Foreign investment in Brazil in June 1972 these figures were \$2,081 and \$1,323. Currency loans fell from \$4,000m in 1972 to \$3,200m in 1973. This was largely because of more stringent measures on loans adopted by the Government to prevent the build up of inflationary pressures.

Foreign capital grew significantly in 1973; an overwhelming proportion of this (98.4 per cent) was in currency investment, while investment in capital goods registered 0.6 per cent. The net inflow of foreign investments was almost three times as great as that of 1972—\$1,583 for reinvestment; \$900m against \$318m.

Little change in Brazilian legislation on the registration of investments is expected in the near future. Brazilians are anxious to attract currency and technology into those areas which they are unable to develop autonomously.

Foreign investments registered at June 30, 1973

Country	Investments (\$m)	Reinvestments (\$m)	Total (\$m)	Increase over June 30, 1972 %
United States	799.3	656.2	1,455.5	22.4
West Germany	375.5	148.3	523.8	40.8
Canada	251.6	70.6	322.2	8.0
United Kingdom	95.9	219.7	315.6	20.0
Switzerland	234.1	93.6	327.7	60.9
Japan	223.8	8.4	232.2	14.0
France	58.4	154.8	213.2	33.3
Panama	72.4	34.3	106.7	10.2
Netherlands Antilles	41.0	51.7	92.7	0.2
Netherlands	52.0	39.4	91.4	92.8
Sweden	42.0	30.2	72.2	13.9
Belgium	48.7	16.7	65.4	13.1
Luxembourg	52.3	33.8	86.1	129.0
Italy	31.4	2.1	33.5	1.2
Others	114.9	23.1	138.0	37.6
Total	2,493.3	1,582.9	4,076.2	27.9

SOURCE: Banco Central do Brasil

FOREIGN DEBTS

The total foreign debt at the end of 1974 is forecast at about \$13,000m compared with \$12,882m at December 31, 1973. It would be unrealistic to expect the Brazilian Government to be able to expand exports sufficiently in the short term to improve balance of payments and pay off this debt. The Brazilian Government is not too preoccupied about

this debt and the growth of the debt is monitored and will form part of the official plan for the balance of payments. However, the long-term view is less optimistic. Many observers feel that the foreign debt will grow sharply after 1975 (imports are bound to increase while exports may not follow suit) and that it may be difficult

for the Government to meet repayment targets; at present this is being done through the Eurocurrency markets, but how long this can continue is uncertain. A continual rise in the foreign debt may prove a dangerous move, because future export performance cannot be guaranteed to offset it—and only if exports continue to increase can it be serviced.

Foreign Debt, 1969-Sept. 1973				
	1969	1970	end-year 1971	1972
Compensatory loans	548.4	381.5	300.6	240.9
US and programme loans	564.8	603.6	622.8	617.8
Import financing	1,355.2	1,709.3	2,201.5	2,783.8
of which: IBRD	198.8	258.2	347.5	483.9
IDB	151.0	181.4	206.1	243.7
IFC	14.1	16.4	22.6	34.5
Eximbank	165.9	190.4	239.3	277.6
US aid project loans	227.00	266.3	307.7	341.9
Loans-bond	—	—	—	60.0
External consolidated debt	16.1	15.0	13.7	12.2
Foreign financial credits	1,604.7	2,284.6	3,193.0	5,528.3
of which: Resolution 63	432.5	853.2	983.3	2,018.4
Sumoc 289	373.5	381.2	294.8	207.4
Law 4151	798.7	1,250.2	1,914.9	3,302.5
Miscellaneous loans	514.1	301.2	291.8	278.0
Total	4,403.3	5,295.2	6,621.6	9,521.0

SOURCE: Banco Central do Brasil

BANKING

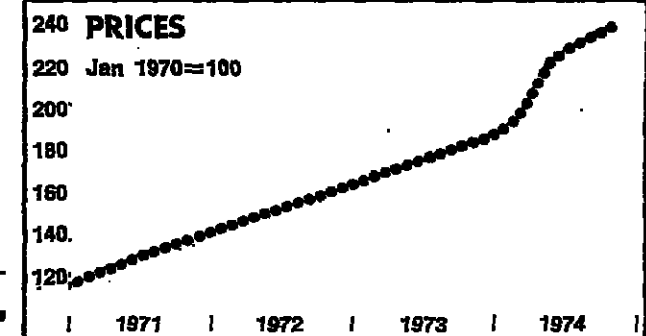
The Government's main instrument of credit control is the Central Bank, created in 1964, which implements the policies formulated by the National Monetary Council. Government policy has been to concentrate on the mobilization of domestic credit and increase foreign loans.

The domestic banking sector was badly shaken by the Halles group problems earlier this year and the

Government is increasing pressure on the banks to encourage mergers.

In 1964 there were 328 separate banks; now there are 115 with 7,931 outlets. Government pressures are also maintained to keep interest rates and operating expenses as low as possible; both are still thought to be too high.

Since the banking reforms of 1964-65, a good deal of the loan business has filtered to newer financial institutions.



Balance of payments

The flexible exchange rate has been one of the main factors in Brazil's export performance. There was a substantial rise from \$3,991m in 1972 to \$6,198m in 1973, helped by the world commodity price boost for coffee, sugar and soya beans in particular, though manufactured and semi-manufactured goods also produced a rise of 60 per cent. As a result, 1973 provided a balance of trade account \$182m in surplus, a satisfactory reversal of the \$244m deficit in 1972 and the \$345m one in 1971.

However, 1974 will not be so satisfactory. Agricultural products have been hit—neither soya beans nor coffee have held last year's prices

and producers have been holding back on sales. Sugar overtook coffee as the leading foreign exchange earner for the first 10 months of the year—a reflection on world market conditions.

Imports have also risen sharply—oil costs were \$1,077m for the first five months of the year compared with only \$422m for the corresponding period last year. Agricultural exports are still expected to do better in the second half of this year but the estimated trade deficit is still likely to be at least \$2,000m. This is in spite of June's import controls which imposed increased duties on more than 400 luxury items among other regulations.

	(\$m)	Jan-June 1974	Jan-June 1973
Balance of payments deficit	205.2	1,603	1,603
Deficit on current account	3,423	1,929	1,929
Surplus on capital account	2,957	1,967	1,967

Source: Banco Central October, 1974.

\$ 1,000 (fob)	1973	January-September 1974
Imports	4,377,770	8,980,000
Exports (grand total)	4,636,191	5,291,151
Industrialized	1,391,811	2,136,933
Trade balance	+258,421	-3,688,849

Source: Business Briefs

INFLATION

Brazil is one of the very few countries which has adapted to inflationary conditions. Since the mid-1960s there has been a series of measures to combat inflation—strict price and wage controls, limitations on government spending and a series-limitation of the policy of monetary correction.

The success of these measures has been marked, although in 1973 efforts to hold down inflation to 12 per cent were unsatisfactory. The main thrust of the attempt was through subsidies and artificially low prices on certain foods and some industrial products. In practice not only did the attempt fail, but it also contributed to this year's problems. Together with the oil and commodity price rises, it led to an inflation rate of 45 per cent for the first five months of this year and looks as if it will continue in the region of 30 per cent for the remainder of the year. The slowdown during the year has occurred because of the Government's control measures—limitation of the growth in the money supply to 35 per cent, emphasis on higher productivity, wages and price controls and the recommendation to officials to hold prices to hold price increases below 15 per cent. This has achieved some success, but there is no doubt that international pressure have made it harder to control inflation and have contributed to the growing popular discontent that has manifested itself recently in the recent defeat of the government party in the parliamentary elections.

Banco Real has 49 years of experience in Brazil

521 branches throughout the country

operates in Mexico, Panama, Uruguay, Paraguay, Colombia * and the United States covers all areas of the financial market

A Bank with our background can do more for you in Latin America

Banco Real can acquaint you with marketing conditions in Latin America, businessmen, and most important of all provide a strong financial group to work for you. Grupo Real, headed by Banco Real, consists of many concerns operating in all areas of the financial market, a very active department of international operations and correspondents in almost all of the Latin American countries.

Latin America offers you a good business alternative. No matter what your line of business, use Grupo Real for dependable banking services.

BANCO REAL

Rua Boa Vista, 254 - São Paulo - Brazil
680 Fifth Avenue 19th floor New York N.Y. 10019

* Opening soon

We can help you invest in the world's greatest growth area—BRAZIL

We are specialist 'Marriage Brokers' for
*JOINT VENTURES *ACQUISITIONS
*LICENSING *SALE OF KNOWHOW

20 years' experience of introducing
British industry to Brazil

Contact person(s):

J. PETER FORD, C.B.E.
Chairman and Managing Director

IJV

INTERNATIONAL JOINT VENTURES LIMITED
World Trade Centre, London E1 9AA
Telephone: 01-790 7979, Telex: 884671

Soya and wheat in harness

by Patrick Knight

Years ago Brazil only produced 10 per cent of its needs. It is hoped that this year's \$600m import bill will be cut even further next year as more land is put to wheat.

Home demand is still low, and it is doubtful whether Brazil can entirely meet it at economic prices. On the other hand, it is felt that the central area of the Mato Grosso and Goiás could produce far more wheat, soya and cattle once fertilizer production is increased.

Other crops where Brazil is likely to want to carve out a slice of export business are in the up-and-coming orange juice business, although production this year has not been so high as last year. Sorghum, a fairly new crop in Brazil, is producing good yields, but the export potential is limited.

Rubber might become competitive again, as the price of synthetic rubber rises. Plantations in Bahia have proved disappointing but efforts are being made to achieve better yields in Rondônia and Amazonia. A million trees are felled every day in Brazil, for even now 15 per cent of

energy is derived from wood. Eucalyptus and faster growing varieties of pine than the traditional *paraná* are being planted in reforestation programmes.

Early this month the Government announced plans aimed at making Brazil self-sufficient in paper and cellulose by 1980, and to export 20 million tons of cellulose by 1985. During the past 12 months \$160m was spent on paper and cellulose imports.

New efforts are being made to encourage the agriculture of the North-east, as the somewhat unrealistic solution of encouraging mass migration to Amazonia is recognized as having failed. It is finally being accepted that the problems will have to be solved within the region itself. Plans to invest \$120m have been announced, and among the 20 large projects is a proposal to increase the irrigated area by 120,000 hectares.

Losses in storage and transport are as high as 20 per cent, but there are ministry plans to improve feeder roads, attack pests in a systematic way and, to improve storage facilities, a census of existing capacity is being carried out. The tractor stock is increasing fast and about 100,000 to 150,000 by 1979.

Land is still plentiful in Brazil and there is scope to increase the intensity of production if demand should be there at the right price. It has recently been estimated that only 25 per cent of land is exploited at the moment and only 4 per cent cultivated, amounting to some 40,600,000 hectares in 1973.

There is a growing labour shortage in the richer states, as manpower moves to the towns and cities.

The announcement that social services are to be extended to rural workers will no doubt stimulate mechanization, although these proposals will probably take several years to fulfil. Whatever may be planned at government level, there remains an enormous gap between intention and practice in Brazil.

Most farmers are conservative and are not influenced by government propaganda, many being illiterate. The impact of the small number of agronomists remains minimal.

There are 600,000 farmers in the state of Minas Gerais, for example, yet only 1,200 agronomists to advise them. The point is made by the differences in productivity of new crops, such as soya, where the farmer admits he knows nothing and listens to advice, and traditional crops such as maize.

Sugar becomes a major earner

There is the traditional zone of Rio Grande do Sul, Santa Catarina, Paraná and São Paulo where breeds common to the United Kingdom are found, and where British livestock have sold well in recent years. The central zone, including Minas Gerais, Goiás and southernmost Mato Grosso, and also certain areas of the north-east share the same conditions. There is also the new zone of northern Mato Grosso and Amazonas. Here African breeds are commonly raised, and quality has been greatly improved in recent years.

Cattle rearing in the jungle areas is still in its infancy, and a clear pattern has yet to be established. The situation is still distorted by special factors such as the perhaps over-generous fiscal incentives given to firms prepared to invest their profits in clearing jungle and setting up ranches. Results so far have not always been successful, but the outlook is bright for the long term, with several large-scale schemes operating or under study, some involving complete processing deep in the interior.

Exporters are expecting a stabilization of the world price well below its present crisis level, and contracts have been signed with China and Middle East countries at below current prices, though partly for political reasons.

Prices paid to producers have doubled this year, but this has been offset by an increase of 150 per cent in the price of fertilizer, a 40 per cent increase in labour costs and oil price rises. There has also been intense speculation in land this year; values have doubled, tending to push up costs.

Agriculture is being given top priority by the new Government, as buoyant world demand and prices for many of Brazil's crops have brought about the realization that an efficient agricultural sector can earn increasing amounts of foreign exchange, particularly at a time when exporting industrial goods is difficult. The trend towards mechanizing agriculture began about five years ago, but has been accelerated by General Geisel's Government.

A concerted effort is being made to increase productivity by offering extra credit, encouraging mechanization, increasing fertilizer production, improving transport and storage facilities and by attempting to reduce losses caused by bad husbandry and pests.

Although the Brazilian cattle stock is estimated at about 85 million head, fluctuating weather conditions, and the fact that most pasture is unimproved means that it takes on average six years to bring a Brazilian steer to market weight, compared with four years in Argentina.

The virtual collapse of the world beef market has hardly affected Brazilian cattlemen. They have never exported more than 10 per cent of their kill, and the home market is buoyant, with demand increasing at about 6 per cent a year. Consumption of beef is still fairly low at about 18 kilos a head a year, compared with 50 kilos a head in Europe.

There is still great scope for increasing productivity in a sector where husbandry and marketing are often primitive. Controls are slowly being extended, and being supervised by the federal veterinary service. Beef exports will probably be between 160,000 and 180,000 tons.

Other crops with excellent prospects are cocoa, maize

and cotton. It is planned to achieve a steady 4 per cent increase in cocoa production, aimed at producing 550,000 tons by 1980. This will result in Brazil passing Ghana as the world's largest producer.

The crop is concentrated in Bahia and other north-eastern states. Funds are to be devoted to research, improvement of stock and manpower training.

Domestic demand for cotton remains high. On 35,000 tons were exported this year, compared with 120,000 tons in 1973. Low world prices have meant that plantings have been cut by an average of 10 per cent, and up to 18 per cent in São Paulo state.

This year saw a dramatic increase in exports of Maize, which reached 360,000 tons, compared with 7,000 tons in 1973. Good prices were obtained because of a poor United States crop, and stocks were run down to meet demand. Exports account for only a small proportion of the maize crop, however. 2,400,000 tons are consumed in São Paulo state alone.

P.K.

In locating your factory each problem may hide an advantage.

CESEP's Industrial Location Service has developed its own know-how in site location. Dozens of well-installed industries confirm this. Philips, Milho Industrial S.A., RCN-Industrias

Metalúrgicas, Gelato, Puma, Veículos e Motores S.A., Aços Sandvik do Brasil S.A., Primicia S.A. Ind. e Com., and many others.

Each day new problems are brought to us. Search for more space to expand. Escape from overcrowded areas. Availability of water, electrical power and labor. Access to raw materials. Adequate means of transportation and communication.

Each one of these problems presented to us may hide an advantage for you. To discover it we consult our Information Center, which maintains complete, up-to-date data on regions served by us. Our experience in

finding locations and reliable supply of electrical energy is at your service the moment you call on us.

In this effort we are cooperating with the State of São Paulo governmental policy of industrial decentralization.

Do like hundreds of other companies and make the right move. Consult us and change problems into advantages.

SERVIÇO DE LOCALIZAÇÃO INDUSTRIAL
AL. MARCOS VIEIRA, 112
POCA, SÃO PAULO - RUA JACQUES KILIAN, 100

Central
Eletrônica
de São Paulo S.A.
CESEP

Gratuito e sob chancela de São Paulo

Land is still plentiful in Brazil and there is scope to increase the intensity of production if demand should be there at the right price. It has recently been estimated that only 25 per cent of land is exploited at the moment and only 4 per cent cultivated, amounting to some 40,600,000 hectares in 1973.

There is a growing labour shortage in the richer states, as manpower moves to the towns and cities.

The announcement that social services are to be extended to rural workers will no doubt stimulate mechanization, although these proposals will probably take several years to fulfil. Whatever may be planned at government level, there remains an enormous gap between intention and practice in Brazil.

Most farmers are conservative and are not influenced by government propaganda, many being illiterate. The impact of the small number of agronomists remains minimal.

There are 600,000 farmers in the state of Minas Gerais, for example, yet only 1,200 agronomists to advise them. The point is made by the differences in productivity of new crops, such as soya, where the farmer admits he knows nothing and listens to advice, and traditional crops such as maize.

Maize yields 1,300 kilos a hectare

Yields per hectare of soya are some two thousand kilos. Yet yields of maize, often grown by the same farmer, remain at around 1,300 kilos a hectare compared with 6,000 kilos on equivalent land in the United States.

There are sure to be many more changes. Some experts go so far as to say that Brazil will not be a coffee producer by the year 2000 but will import it from lower-cost African countries. Increased labour costs are pushing up prices and, although efforts are being made to mechanize, beans ripe at different rates, making harvesting by machine difficult. There are dangers in too rapid a pace of change.

Fears are being expressed about the erosion risks involved in rooting up coffee bushes. These absorb the semi-tropical rainfall fairly well, and protect the soil from the exposure inevitable in soya and wheat cultivation.

Brazil is trying to rectify the malpractices of centuries in agriculture. So, unlike the new sphere of industry, miracles are not so easy to achieve.

Budget increased by 165 per cent

The Ministry has had its budget increased by 165 per cent and is recruiting the best skills available. Production has increased by about 10 per cent in 1974 despite the floods in the north-east early in the year, when up to half of plantings were lost. This compares well with the 4 to 6 per cent increases of recent years. Levels of internal demand are fairly low, so the planned 7 per cent growth may only keep pace with internal consumption.

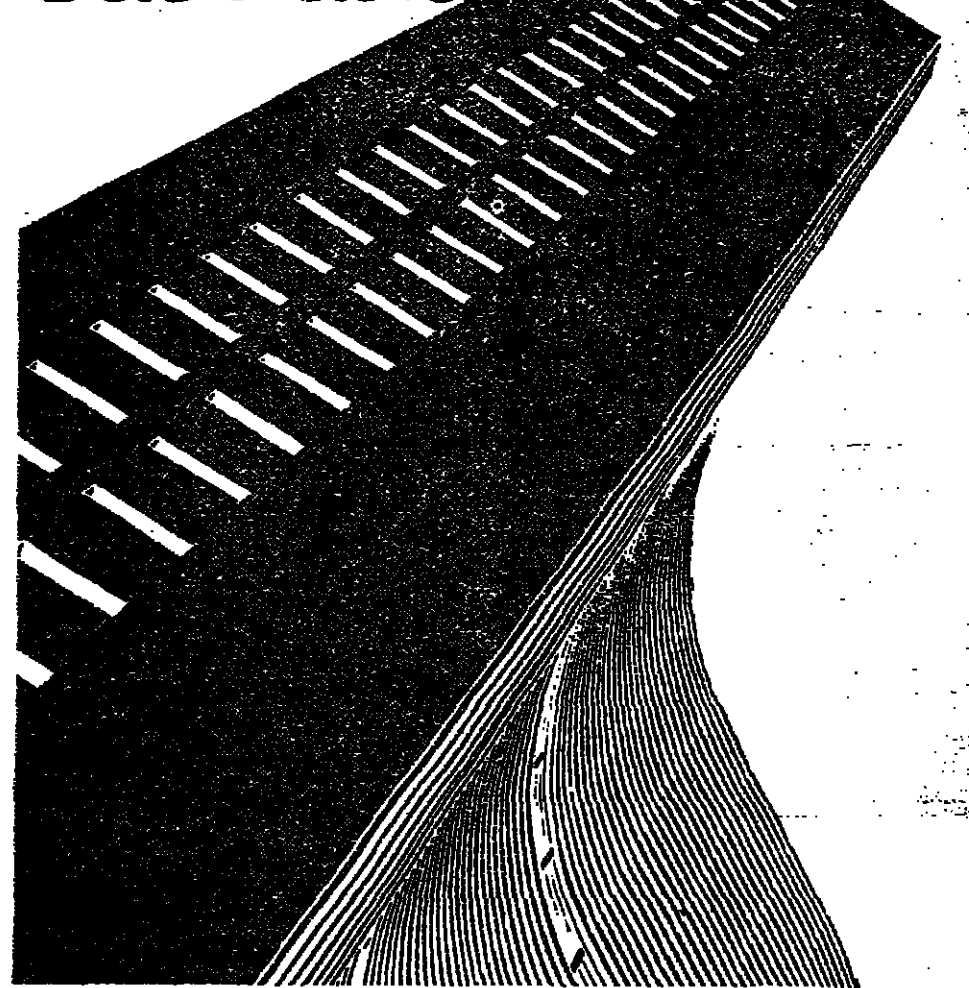
This assumes that it has been decided to permit controversial policies to return to Brazil, which will result in increased wages and greater expenditure on food. Food prices have risen by 41 per cent in the past 12 months, hitting the lower income groups badly. On the other hand, Brazil is looking to agriculture to help to bridge its increasing trade gap, likely to be \$5,100m on visible trade alone this year, so she will be anxious to export and perhaps continue to limit internal demand.

Professor Alysson Paulinelli, the Agricultural Minister, has announced a massive fertilizer investment programme to make Brazil self-sufficient by 1980. Some 75 per cent of fertilizer is imported, at a cost this year of \$630m compared with \$214m in 1973.

Imports of fertilizer have dropped by about 5 per cent because of increased costs, and Brazil uses about 30 kilos a hectare at the moment. The \$1,300m investment aims to boost production to four million tons, and consumption to 80 kilos a hectare.

Brazil can hardly be treated as one unit as far as cattle are concerned. There are at least three different zones, each with distinct methods and problems.

Let's meet in São Paulo



Banca Commerciale Italiana

SÃO PAULO - Branch:
Edifício Mercantil Finaes
Rua Libero Baduró 377 - 18º andar - Tel. 342367 - 368321

If you are interested in our services, you may also call us at:
London 800 8651 - New York 661 8500 - Chicago 346 1112 - Los Angeles 624 0440 - Tokyo 242 3521 - Singapore 220 1333 - Istanbul 455 130 - Izmir 22 162 - Ankara 263 722 - Beirut 231 632 - Cairo 46 187 - Frankfurt a.M. 727 230 - Kuala Lumpur 24 407 - Madrid 419 6522 - Mexico City 585 2200 - Moscow 2256 372 - Paris 824 6014 - Sydney 232 4422 - Through our participation with the EBIC - European Banks International: Jakarta 42045 - Johannesburg 838 2972 - Toronto 863 1240

HEAD OFFICE: MILAN

Let's go at 20.00 hours, Tuesdays, Thursdays and Sundays.

The only British airline to Brasil

★ British Caledonian is the only British Airline operating scheduled services to Brasil, Argentina and Chile.

★ Direct flights depart London Airport Gatwick—saves a long wait for a connecting flight in Europe.

★ All flights by 707 superjets with wide-body interiors—through seat selection on every flight.

★ Fold-down centre seats, if unoccupied, give you more room to spread yourself in economy class.

SPECIAL ANNOUNCEMENT

Increased frequency on the South American route

- ★ Now 3 flights weekly to Rio de Janeiro and São Paulo
- ★ Two flights a week to Recife, Buenos Aires and Santiago
- ★ All flights depart 20.00 hrs on Tuesdays, Thursdays, Sundays.

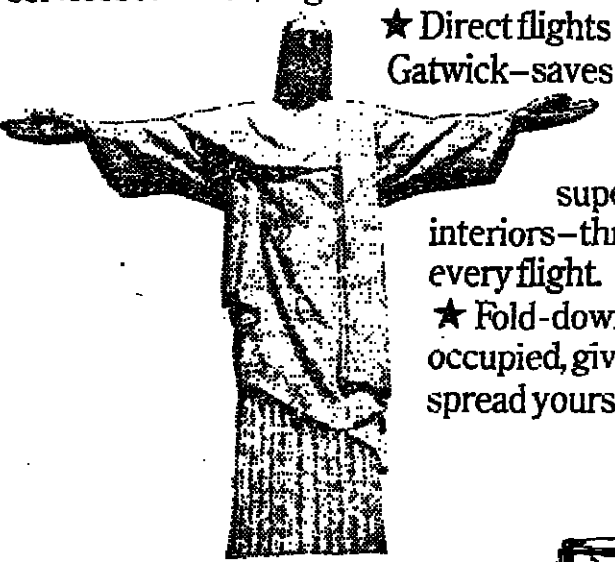
This month films:
Outbound flights:
L.H. HARRISON
Inbound flights:
THE INTERPRETER PROJECT
*Leaving James Cagney and Lee Grant
*at nominal charge.

★ Passengers travelling via London can check in with their baggage at our Central London Air Terminal at Victoria Station.

★ Fast rail link to airport—no traffic hold ups. London—40 minutes, Croydon—20 minutes, Brighton—40 minutes.

(Cheaper short term airport parking for drivers.)
★ Connecting domestic services link up at Gatwick with our South American flights.

★ For details of departure times, baggage and duty free allowances, don't call us—call your travel agent.



هكذا من الأصل

LET'S GO BRITISH CALEDONIAN
Over 450 flights a week to 21 countries—Europe, Africa, South America and within the UK.

Drive right on for New York' is the dream

are has been a change in phasis on Brazil's road-building programme in the last months. Few major projects are being launched, while funds for imports are to be tried in 1975.

Several important routes will be opened next year, most spectacular being 500 kilometre coastal road linking Rio de Janeiro to the port of Santos, said to be the most expensive ever built in Brazil, costing £500,000 a kilometre. The road will be built on stretches of cleared land, or involving massive protection works to prevent tropical rain and subsidence, will cost almost £1m a kilometre.

Construction has been held up by the difficult terrain, bad weather and shortages of materials, particularly cement, now affecting sectors of the economy. The first stretch of 257 km will be opened in April, when completed, one of the most attractive routes will be opened. Pressure will be reduced on the over-crowded Rio-Santos route, the first road to reach Amazon port of Manaus due to open to traffic in the running north from Velho in Rondonia, because of a lack of aggregate and because the lessons learnt on the us-Amazonica highway, road is being asphalted in the beginning.

Although transport costs distant Manaus will inevitably be heavy and only high value goods likely to be carried at the road will have an important effect on this previously isolated area, not at in modifying Manaus's status as a free port. This road will be opened to the Venezuelan border

and Caracas by 1976. Several stretches are already built, but attacks on road-building crews by Indians, concerned that their lands are being encroached in violation of previous agreements are delaying construction.

A glint comes into the eyes of Brazilians who say that within a year or two it will be possible for them to drive direct to New York, once the Darien Gap is opened. The distance from Brasilia to New York, about 5,000 km is no farther than from Rio Grande to the north-east, and that journey has been possible for some years on paved roads.

At least one carriageway of the new road running up the steep escarpment from Santos to São Paulo, the "immigrants highway", should be completed by March, but again, bad weather and cement shortages have delayed completion. Construction companies working on this road and on the São Paulo to Curitiba widening programme have got into financial difficulties this year, mainly because of inflation pushing up the price of materials, fuel and machinery.

The end of 1975 should see the completion of a third road running from the centre of the country to the banks of the Amazon. This is the Cuiabá to Santarém Highway, 1,754 km long. But already it has caused controversy by passing through Indian reservations, and workers have been attacked. The area crossed is particularly rich in mineral deposits.

Work continues along the northern perimeter road, a 4,215 km transcontinental route linking the Atlantic coast with the Colombian frontier, to the north of the Amazon. Like most roads in

Amazonia, the northern perimeter is being built by the army.

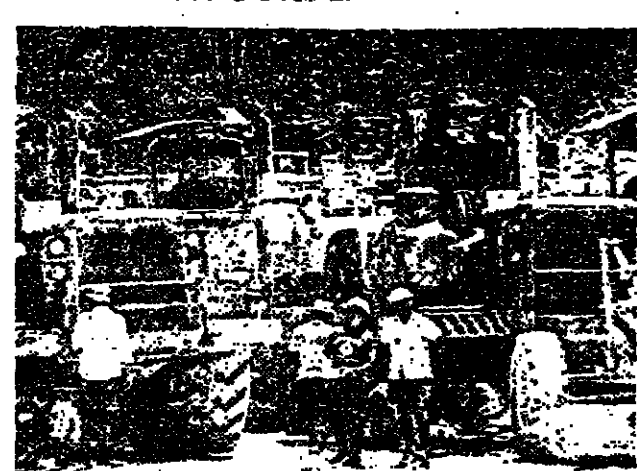
There has been a slowing down of the pace of road building in Amazonia. The Trans-Amazonia, widely publicized as a colonization and integration road, built to encourage the migration of settlers from the impoverished north-east, was in reality much more political in concept, aimed to define and perhaps defend an ill-marked and empty frontier area. Only 10 per cent of the expected 100,000 settlers have in fact moved to Amazonia. More have come from the more dynamic and richer south.

There is little to attract settlers. There are few medical, educational or social facilities, and although there are fertile areas, the lack of accessible markets makes other than subsistence farming difficult for the undercapitalized small settler.

Emphasis has moved from the encouragement of uncoordinated migration to the development of heavily capitalized poles of growth, usually during a mining venture, which provides a basic market for products, and with a proper infrastructure. The cost, and the engineering difficulties of maintaining the 5000km road to west Trans-Amazonia are proving formidable.

The terrain is not as flat as it appears from the air and obstacles to the hurriedly planned road, though overcome during the rushed building programme, are causing continual problems during the prolonged rainy season.

Some stretches have already been rebuilt, and washed out bridges replaced several times. Voices are beginning to be heard, though still faintly, asking



A fleet of bulldozers on the site of a new highway in the Amazon jungle.

whether such a road is the best way to police the area and suggesting that camps supplied from the air could do the job better and more cheaply.

The numerous agricultural and industrial projects in the 1975-79 second national plan imply that industry will be more widely dispersed in future, and will call for the building of many small scale feeder roads, while 2000km of major road will be upgraded in 1975. The first code of maintenance practice has been produced, and a network of maintenance centres is planned with training facilities for engineers and technicians.

The recent news that Brazil is likely to be self-sufficient in oil in the near future is likely to give an added boost to the road sector, though not to the detriment

ment of the railway-building programme. It will be a long time before railways reach Amazonia, except for specific mineral extraction projects, so that in the majority of the huge country, the road system continues to expand and be improved.

Brazil is now well provided with the routes she needs for the current level of economic activity. There is some spare capacity in the north-east, built as a result of aid programmes in anticipation of development that until now have not come. Elsewhere it is a question of eliminating bottlenecks before they threaten development, resulting, it is hoped, in a further starting road toll, in which 3,000 people died and 30,000 were seriously injured in 1973.

P.K.

Radical measures needed to tap land resources

newed inflation has seriously affected the housing market. Relatively low income, minimal rates and the credit schemes enjoyed by the middle classes have encouraged ever-increasing outlays to be invested in making rational housing urban planning difficult to achieve.

Inflation this year is rising at 35 per cent, but rise of land prices in São Paulo has doubled in the last 12 months and increased by 400 per cent in areas, notably near the metro route. Private individuals and companies are unwilling to dispose of real estate and it is estimated that there is enough idle land within the greater São Paulo area to house three times the present population.

The municipality of São Paulo took a first step towards tackling the problem three years ago when Emurb, the municipal urbanization department, was founded. So far Emurb has not been able to buy much surplus land, lacking the capital necessary to do so, so its resources are now being concentrated on projects that are beyond the scope of private enterprise.

Project Leste on the banks

of the River Tiete, 28 miles from the centre of São Paulo, is the first such scheme. Covering a total of 1,760 hectares, it will involve canalizing the meandering river, draining flooded land and infilling with city refuse and soil.

The largest park in São Paulo will be laid out along the river bank, in a city with a critical lack of open space. Three different types of housing will be built: high density middle class, low density middle class, and low income. There will also be a general hospital, a health centre, shopping area, schools

and a new university. A large road cargo terminal, wholesale sale markets and a regional administrative complex are planned near by, so demand for labour will be adequate. If the go-ahead is given fairly soon, the project could be completed within five years.

Project Leste will provide housing for 250,000 people, equivalent to less than half the annual growth of the São Paulo area, now increasing by about 600,000 inhabitants a year. In 1975 alone, 8,000 new homes will be needed; 485,000 by 1980.

It is recognized that radical measures are needed if

land speculation is to be controlled and the capital tied up released for more productive use in industry or agriculture. An attempt to attack the problem by increasing rates is being studied. This would encourage owners to dispose of idle or under-used land or property.

A property worth £55,000 may now pay as little as £20 annual rates.

It is hoped that in a situation of surplus, land prices could be stabilized, benefiting both private individuals and the municipality, which at present has to pay heavy compensation for land required for road building or other works. There is clearly a large gap between planning such a scheme and putting it into practice.

Finance flows into real estate for the good reason that land and property are the only secure places for it in time of inflation, which is the norm in Brazil. Other equally secure and profitable investments would have to be available if such a plan were to have a chance of acceptance and success.

In this situation Brazil's housing bank, the BNH, now 10 years old and the second largest financial institution in the country, has been unable to cater for other than middle income groups and has not met the needs of people earning less than three times the minimum wage, roughly £70 a month.

In an attempt to broaden its scope, the BNH launched the popular housing plan, Planhap, in 1971. Planhap aims to provide loans for low-income earners at interest rates ranging from 1 per cent to 6 per cent, subsidized by wealthier borrowers who pay up to 10 per cent for their money.

Seven million small savers

Some 600,000 homes will be built in the São Paulo area under this scheme in the next 10 years. It is not part of the BNH philosophy to build property for rent. BNH officials feel that the average Brazilian wants to own his own home and they want to encourage him to do so.

The bank now has some seven million small savings accounts and is proud to see itself encouraging a savings mentality in Brazil. Its main source of funds continues to be the 8 per cent levy on employees' salaries paid by all employers into the workers' unemployment indemnity fund, money that will be used to provide pensions later.

BNH has financed the building of about a million dwellings, mainly flats, in its 10 years of existence. But today less than a third of its funds are used to finance housing. More money is now devoted to sewerage, water supply and other infrastructure works and urban mass transport, such as the Rio de Janeiro and São Paulo Metros, for which the BNH is providing a large proportion of the finance.

The 1970 census established that there were 13,500,000 dwellers in Brazil, but that half of them lacked water, drains and electricity. It was decided, therefore, that the BNH, through a subsidiary scheme, Planasa, should use funds to raise standards. The target is for 8 per cent of homes to have these services by 1980.

P.K.

THE LONDON BRIDGE TO BRAZIL

WE CAN HELP YOU ACROSS

Lloyds Bank International

IN LONDON

- * Assets in excess of £2,700 million.
- * 112 years of banking relations with Brazil.
- * Specialists in financing trade with Brazil.
- * Specialists in Eurocurrency loans to Brazilian public and private corporations, subsidiaries and affiliates of overseas investors.
- * Specialists in company formation in Brazil.
- * Specialists in British Government assistance for pre-investment studies, joint ventures, infrastructure financing and overseas investment guarantees.
- * Specialists in capital development, project planning and financing, including multi-national contracts.

Bank of London & South America

IN BRAZIL

- * Local Head Office in São Paulo and branches in 13 principal cities.
- * Brazil is 35 times the size of the United Kingdom.
- * Has a population of 104 million increasing at the rate of 2.8% annually (over half the population is under the age of 20).
- * Gross National Product is US\$59,000 million (UK-US\$136,000 million) increasing at the rate of about 10% annually.
- * Foreign Exchange reserves of about US\$5,500 million.



LLOYDS BANK INTERNATIONAL

40/66 Queen Victoria St. London EC4P 4EL. Tel: 01-248 9822.
A member of the Lloyds Bank Group

LBI, the Bank of London & South America and their subsidiaries have offices in: Argentina, Australia, Bahamas, Belgium, Brazil, Cayman Islands, Colombia, Costa Rica, Ecuador, El Salvador, France, Guatemala, Guernsey, Honduras, Hong Kong, Japan, Jersey, Lebanon, Mexico, Netherlands, New Zealand, Nicaragua, Panama, Paraguay, Peru, Portugal, Singapore, Spain, Switzerland, United Kingdom, U.S.A., Uruguay, Venezuela, West Germany.



MATURITY FOR EXPORTATION

1952, Brazil, Northeast, 1,500,000 km² of inadequate substructure and insufficient financial resources. Then, the Federal Government creates the Banco do Nordeste do Brasil S.A. to strengthen and speed up the regional economy and defeat the different levels of income, existing in relation to the rest of the country.

Banco do Nordeste today: the biggest agency for development in Latin America. The 4th bank of the country on financial applications. The 2nd, making loans to agriculture and cattle raising.

Banco do Nordeste today: financing and aid for the technological development of farming and agricultural mills. Financing and aid to provide substructure, general credit to maintain economic growth. Financing and promotion of tourism and exports. Researches, scientific and technological improvements.

Now, we're settling our International Department of Operations, which will provide us a closer contact with the exportation activities.

Integrating the Regional Exporting Promotional System, we have developed studies and researches that allow us to identify and improve new products to the external market. And we are also members of the "Trading Company do Nordeste", being presently organized.

If your enterprise is interested in importing new products, get in touch with our International Department of Operations. We give a special attention to the non-traditional manufactured or agricultural goods. It's our will to make known, all over the world's harbours, the fruits of northeast Brazil's maturity.

bnb

BANCO DO NORDESTE DO BRASIL S.A.

In Brazil, there is no business like Comgas business.

Reading this special report, you are aware that Brazil is a country with the highest growth rate in the world.

And that in Brazil there is a state which is responsible for the larger part of this development.

The state of São Paulo has almost 20 million inhabitants who contribute more than 6 billion dollars to the Gross National Product.

In the city of São Paulo and in the Greater São Paulo area, alone, there are more than 8 million people who contribute half of this total.

Campinas, Jundiaí, the Vale do Paraíba and the Santos area together have more than 3 million people.

And, incredible as it may seem, the

major part of the energy consumed in Brazil is generated by wood, sugar cane refuse and petroleum by-products.

The state of São Paulo needs gas to create the energy so that it can continue being responsible for the larger part of the development of this country.

Whoever has invested in Brazil has never been sorry.

Whoever has invested in São Paulo has never been sorry.

Whoever has invested in gas also has never been sorry.

Comgas is looking for people who would like to participate in Brazil, in São Paulo, in a gas company which has a potential market of twenty million people and thousands of industries.

COMGAS

Companhia de Gás de São Paulo

Because of dearer fuel, Brazilian planners have had a second think about communications and there has been a change of emphasis towards improving the country's fairly small rail network. This will be able to make use of the sizable hydroelectric resources. There will be enormous growth in the movement of oil, petrochemicals, fertilizer, cement and bauxite. Shipping fleets are being expanded to handle increasing trade

Massive new rail line will speed exports and usher in an age of expansion

by Patrick Knight

A second railway age is about to begin in Brazil. A total of 54,300m is to be invested in an immense expansion and improvement plan which will push up tonnage carried from 80 million in 1973 to 260 million by 1980.

In decline for 30 years, Brazil's railways now move only 16.2 per cent of all freight, compared with 50 per cent in many European countries. Seventy projects are envisaged, involving laying 3,500 km of new track, modernizing 10,500 km, building or acquiring 300 locomotives, 20,000 freight trucks, 70 passenger train units, and 140 passenger coaches.

Lines will be electrified, initially 1,439 km, where ever traffic density justifies it, while it is planned gradually to standardize at a gauge of 1.60 metres. At the moment 1,300 km are of this gauge, but all the new lines will be built to 1.60 metres and a further 3,200 km of track modified under the four-year plan.

Central to the plan and absorbing a third of the funds will be the steel line, an 830 km high-speed electrified line linking the mineral exporting state of Minas Gerais, the steel town of Volta Redonda and the industrial centre of São Paulo. Due to be completed by the end of 1978, construction will involve the cutting of 120 km of tunnels at a rate of 4 km a month and the building of 70 km of viaducts and bridges.

The line will have a maximum gradient of 1 per cent, and wide radius curves to permit trains to run at up to 130 km an hour. By

1979 the Belo Horizonte to São Paulo journey should take six hours where, at the moment, it takes 40 hours.

Although much of the rolling stock will be built in Brazil, orders have already been placed for 195 diesel electric locomotives in the United States, and it will not be possible for Brazil to manufacture the 1,500,000 tons of rails, the tunnelling, signalling, electrification and maintenance equipment in time, so there are opportunities for exporters. The size of the building programme is such, however, that by the time construction is complete, Brazil will have an excess of capacity and be a new competitor in search of markets.

Closures of lines with no prospect of profitability will affect 8,790 km of the present total of 30,394 km, while staff will be cut from 114,000 to 106,000 by 1980.

The switch in emphasis to rail from the dominant road sector has been brought about by the implications of the new stage of development beginning in Brazil. For heavy industrial base is being built up, served notably by the steel expansion programme, which will increase production from the present eight million tons to 32 million tons by 1980. There will be immense growth in the movement of other bulk products, notably oil, petrochemicals, fertilizer, cement and bauxite as well as increased quantities of agricultural products.

Brazil's rail programme will by no means mean an end of road building, but the tonnage now involved—

to make a ton of steel three to four tons of raw materials are needed—makes rail the only viable means of transport. Plans were conceived

before the oil crisis, but have received added impetus because of it and it is unlikely that the prospect of Brazil becoming self-sufficient in oil soon will modify the plans or the decision to electrify.

Passenger capacity will be increased and efforts made to encourage use of the services. At the moment, other than for journeys to work in the biggest cities, Brazilians hardly think of rail as a means of travel. Few medium or long distance journeys are made by train. Urban lines will be modernized, with a planned movement of 396 million passengers by 1980, compared with 258 million now.

16,000 passengers an hour

The São Paulo State Railways, the only major system independent of the federal network, now carries 16,000 passengers an hour at rush periods and plans to carry 55,000 by 1980, with new inter-city routes established.

Emphasis remains predominantly within the Rio de Janeiro, São Paulo, Belo Horizonte, Victoria area. The zone, which carried 74 per cent of traffic in 1973 will carry 80 per cent by 1980. There are schemes in other areas, notably the 700 km ore line linking the Serra de Carajás and the new Port of Itaquí. A total of 25 million tons of ore will be carried by 1980.

Other lines associated with the export corridors programme will be laid or improved to the new super-port of Rio Grande, to

Paranáguá, in Paraná State, while São Sebastião, north of Santos, at present an oil port, may be developed for other bulk traffic.

In the north-east, lines to Maceio, Recife and in the Salvador area will be built or improved to cope with fertilizer, petrochemicals, and sugar terminal projects.

The problems of the São Paulo to Santos cog and gear system have still not been solved, and contractor's trials continue long after the line should have been in full operation. The precariousness of the situation was illustrated in late November, when the old cable system was out of action for a couple of days after an accident and 1,200 trucks had to be hired to shift the rapidly accumulating freight. By chance, the accident occurred when there were lorries available: usually there is a shortage.

A key part of the expansion project is to recruit and train a far higher standard of staff than the present low-prestige system attracts and carry out a complete reorganization. It is recognized that without the proper administrative structure, the best engineered railway in the world cannot function efficiently.

An aggressive sales policy is envisaged and regional boards could include representatives of major users. Pricing is vital. At the moment Brazil's railways only earn 60 per cent of operating costs from revenues.

Demand by industry for an adequate railway system is strong, and planners are confident that when construction is completed, Brazil's railways will once again carry 35 to 40 per cent of the nation's freight.

Contracts signed for 45 new ships worth £250m

by Christopher Hayman
editor, Seatrade

November 27 was an important day for Paulo Ferraz, chairman of the Companhia Comercio e Navegacao of Brazil. On that day he signed contracts for 45 ships, worth £250m, enough to give his shipyard virtually full employment from now until the beginning of 1980. This package of ships, embracing three different designs and formidable by any standards, is entirely for Brazilian shipowners and represents CCN's allocation under the nation's latest shipbuilding plan: an ambitious undertaking which will add 150 ships to Brazil's merchant fleet, 95 per cent of them built in Brazilian yards.

Though the shipbuilding plan was announced several months ago, only a few of the contracts as yet have been finally agreed from a list which provides a successful blending of the domestic shipowners' needs and the capabilities of the yards. So far, apart from the CCN contracts, Ishikawajima do Brasil has signed contracts to build very large crude carriers (VLCCs) for Petrobras, the state oil company, and that is all. However, the Government has indicated its intention of seeing the remainder of the contracts signed by the end of the year.

As Senhor Ferraz points out, the present fleet expansion plan is the most elaborate so far tackled by Brazil. In 1967, when the private shipowners were first given the opportunity to move out of their traditional role in the coastal trades and into international shipping, a scheme was launched for the construction of 24 ships of 12,000 tons for general cargo ocean-going traffic and a further 11 units of 5,100 tons for the coastal trades.

The whole programme amounted to 345,000 tons.

Because of the excellent results achieved, the Government decided to embark upon a second construction programme for the 1971-74 period, involving 1,600,000 tons of shipping, including general cargo ships, reefers and bulk carriers. A further 200,000 tons was added six months later. It is against this background that the latest programme for 1975-79, with the second national development plan, will be launched.

Clearly this will not leave much spare capacity in the yards for export building. CCN will be producing ships at the rate of 12 a year, so that over the four years there will be about three berths available for any interested foreign buyer. But as Senhor Ferraz says, it is important for the yards to develop ties overseas. The expansion of the domestic fleet will not go on for ever and a time will come when the yards, now investing quite heavily in new facilities to cope with the demands of their forthcoming domestic orders, will have to look outside the country for a steady supply of work. CCN already has experience in building for Greek, West German and Chilean owners.

The problem about exporting ships is that the Brazilian yards, whether CCN, Ishikawajima, Emag, Caneco, Verolme Estaleiros Reunidos or Estaleiros SO, are all building ships at prices which are above, sometimes as much as 30 per cent above, the international price. A relatively high proportion of the components needed for the vessels have to be imported and some of the yards have not yet fine-tuned their production techniques to the optimum commercial level.

So far the Government has provided an attractive incentive scheme for export building, paying a differential subsidy to the builder enabling him to quote international prices for his ships. Finance is available to the foreign shipowner to the tune of 80 per cent of the actual price through Casex, the export agency of the Bank of Brazil, repayable over 15 years at an attractive rate. The builder also gets a number of tax credits and exemptions for an export ship.



Senhor Ferraz, chairman of Companhia Comercio e Navegacao in front of an SD14 general cargo vessel under construction at a yard in Rio de Janeiro.

The Government is unlikely to continue this level of support for an unlimited period. But obviously Brazilian shipbuilders are determined to achieve a situation in which they will build ships at prices which are competitive in a world context.

One way of doing this is to concentrate on series production of a few designs. CCN will build over the next four years and in series 29 SD14 general cargo ships (under licence from Austin & Pickersgill, of the United Kingdom), 10 Prinsas 121 multipurpose cargo ships and 16 PRI-26/15 bulk carriers.

Another way is to reduce the amount of imported components used in the vessels. Much of the steel at present used in shipbuilding in Brazil is imported—CCN has contracts with the British Steel Corporation—but already a number of big items are manufactured in Brazil under licence. These include main engines and propellers. In August, a plant which will build Stone's actual price through Casex, Manganese propellers under licence was opened by Princess Alexandra near Rio de Janeiro. In these ways, Brazilian builders feel they can do a great deal to bring their prices into line with the international level.

We'll fly you to Copacabana but when you get there remember the competition comes big.

There's a lot of competition here in Brazil. For this reason, Aerolineas Argentinas has decided to open a new route from Buenos Aires to Rio de Janeiro, São Paulo, Belo Horizonte, and Salvador. This route will be operated by the new Boeing 747-200 aircraft, which will provide a fast and comfortable service. The airline is confident that it will be able to attract a large number of passengers to its new route.

Our network at the other end takes us to South American cities. Right to London, Miami, Mexico, Los Angeles and New York.



COBEC brings together people that cannot live apart

To broaden its chain of warehouses and offices outside Brazil. Thus, to bring even more together those willing to buy to those willing to sell.

That is COBEC's job. To join importer and exporter.

Giving all support on international market businesses. Looking for suppliers and purchasers. Searching for prices. Performing on Commodities Exchange Markets in London, Chicago and New York. COBEC is all-around the world.

In England - as COBEC UK Limited. In USA - as COBEC - Brazilian Trading & Warehousing Corp. of the U.S. with site in New York and branch in San Francisco.

Plus Paris, Rotterdam, Canary Islands, Panama, Hamburg and Berlin.

Make use of COBEC wherever you wish to export Brazilian goods. And display your products for sale in export to Brazil.

Relay to a company that understands the needs of exporters and importers. Because, very simply, COBEC is the link.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

COBEC is the link between the world and Brazil.

Business with the booming Brazilian market? We have the know-how.

Whether exporting or importing our bank is able to help your business development in Brazil. Complementing the customary banking services, we can deal with government regulations, marketing, legal affairs and provide financial support as well. Banespa's Foreign Trade and Exchange Department can provide your organization with the best. Our network spreading from the Far-East to U.S. through Europe is based upon branches in Tokyo, New York City, London, a representative office in Frankfurt, and correspondents throughout the world. Banespa is the most important bank in the State of São Paulo, which, being the major coffee exporter of the world, is also the largest industrial centre in Latin America. But it doesn't stop there - over 300 branches cover the whole Brazilian Territory. We always have something else to offer. The only thing we lack is not having you as one of our customers. Try a new way, consult us.

BANESPA

BANCO DO ESTADO DE SÃO PAULO S.A.
São Paulo: Praça Antônio Prado, 6 - Telex 281 to 284

London: Plantation House 31-35
Fenchurch Street
London EC3M 3NA

Tel.: 01-623-2291, 01-623-2292,
01-623-2293 and 01-623-2294

Telex: 0807-488389 - BANESPA LDN

Tokyo: Fuji Building, 10th Floor -
Room 1020/21, Marunouchi,
2-3 Chiyoda-Ku TOKYO

Telex: TORSEF J, 26825 - Tel.: 214-0608

New York: 270, Park Avenue - suite 1470
New York, N.Y. 10017 - U.S.A.

Tel.: 687-4962 - Telex: BESP 11 0305
425450

Frankfurt: 6000 Frankfurt/Main
Bockenheimer Landstrasse 51-53/110

Telex: (0611) 720171, 720172,
720173, 720174 - Telex: BESP D 141356



PHOLDING THE LAW

Home Secretary has very early declined to intervene in case of the Shrewsbury and, in doing so has done nothing to compensate for his government's deplorable weakness in the case of the Clay Cross colliers.

In his way, Mr Jenkins has spanned his decision with a statement of the principles of law and independence of the courts, he has said, and he has said, "I am not to be presumed to re-judge the merits of cases decided by the courts; before recommending the use of the royal prerogative of mercy a Home Secretary must be satisfied that the courts are not in this case; if a political or industrial significance is now to be attached to get him to alter his mind on it would present him the worst possible reason for so."

Eric Tomlinson and Mr Warren are in jail serving terms of two years and three respectively because they were convicted by a jury in 1973, of unlawful picketing and of conspiracy to date workers to compel them to stop working. They have been against conviction and the appeals have been turned down. They were fined as being among the pickets of a "flying picket" at the west country during the summer of 1972. The incidents out of the charges arose were in general terms by an 11 Court judge in these

was at each site a terrifying by pickets of force and once actually committed or threatened against buildings, plant equipment; at some sites, in others, acts of personal violence and threats of violence to person were committed and

made. Persons working on the sites and residents near by were out in fear.

The grounds which are being put forward for clemency are of two kinds. It is being said that for various reasons there has been, if not a miscarriage, a misapplication of justice. And it is being said (to make use of the true but inappropriate phrase used by Mr Edward Short) that here we have "trade unionists in jail"—as if the only correct response to that information is to try to get them out.

Some of the first kind of reasons being advanced for clemency are certainly worth arguing. Exception is taken to the use of a common law conspiracy charge of intimidation under an Act of 1875 was already part of the indictment. The latter offence carries a statutory maximum penalty of three months imprisonment, while no such limit is attached to the offence of conspiracy. The Appeal Court answered that objection by saying that where charges of substantive offences did not "adequately represent the overall criminality" it might be right to throw in a conspiracy charge. The "overall criminality" in this case being perhaps the degree of organizing responsibility and leadership of the defendants.

There is a fairly general uneasiness about the way conspiracy charges have been introduced and framed in recent years. An uneasiness, as it happens, which is shared by the Home Secretary. But there is nothing in that which creates grounds for an exceptional remission of sentence here. These men were convicted by due process under the law as it is. There are no immediate proposals for changing the law, nor is it clear how best the law might be changed. And even if there were proposals, they would have no retrospective effect.

Exception is also taken to the explicitly deterrent nature of the sentences. There is almost always room for argument about the appropriateness of any length of sentence; and there is a further argument as to whether deterrent sentences are in any circumstances fair. But partly because of the disputability of these questions sentencing is entrusted to the courts, always subject to judicial review. And it would be quite wrong for a minister of the Crown to substitute himself for a judge except where, after the end of the judicial process, new circumstances relevant to culpability come to light.

But it is the "trade unionists in jail" exclamation that has put steam behind the campaign of the TUC and some Labour politicians to have the men released. The TUC does not propose industrial action to enforce its demand, which shows that it still has one foot on the ground anyway. But it does not good either to itself or to the institutional coherence of the society to which it belongs by identifying itself with moves to clothe Mr Tomlinson and Mr Warren in the vestments of Tolpuddle.

They are not in jail for picketing, but for their connexion with picketing with violence and menaces. If the trade union movement collectively allows it to be supposed that it approves of that kind of conduct, it will be even less fit to be entrusted with the relaxations of the law of picketing it is attempting to extract from a reluctant Parliament. And the TUC would be equally unwise to reinforce an impression left by unions' conduct towards the Industrial Relations Act of 1971—the impression that it has come to believe that trade unionists, acting as such, need not respect laws which interfere with their exercise of power, and should not be required to pay the penalty which the courts exact for breach of them.

Unesco's work and Israel

From Dr Eliezer Yappi
Sir, I would like to clarify the issues raised in Mr Koffler's letter (December 16) concerning Unesco and Israel.

The salient facts are:
(1) Israel was denied admission to the regional group to which she had applied, and she is the only member country so discriminated against.

(2) As Mr Koffler himself writes, "The (Unesco) Conference voted to apply sanctions to Israel and withhold assistance in the fields of education, culture and science."

The proceedings at the conference were very well reported in *The Times* on December 6, when your correspondent wrote: "It is not enough for Unesco officials to argue that Israel can still attend on an observer basis as in the past. Israel has been discriminated against and only a revision of attitudes... will undo this wrong."

Israel's request for inclusion in the European group was supported by the EEC countries, but was defeated, principally by the Arabs, who not only have a grouping of their own in Unesco but acted to prevent Israel from entering another group. The votes against Israel were of a political nature, and motivated by hostility towards Israel by those who voted against her.

The past resolutions to which Mr Koffler refers were forced through by Arab governments and their friends, as they did on this occasion. However, during that same period the official Unesco supervisors of antiquities, Dr Lemaire of Belgium, Dr Reinhold of Holland and Professor de la Hogue of Italy, submitted favourable reports on Israel's efforts to preserve the historical monuments and religious shrines of Christianity and Islam in Jerusalem.

The issue was surely clearly understood by the signatories to the letter of which Mr Koffler complains, and the scores of writers, scholars and artists, from all over the enlightened world, who have protested against the political subversion of Unesco. It is to be hoped that they will be listened to and that the call from so many eminent intellectual and religious leaders, for Unesco to mend its ways and right the wrongs committed against its very principles and the rights of a member state, will be heeded.

It is a pity that the zeal shown by Unesco officials in defending the votes of its General Council members was not evident when desecration of holy places occurred in Jerusalem during Arab occupation. Unesco has been turned into a battleground to wage partisan political warfare instead of promoting universal cultural welfare.

Yours faithfully,
ELIEZER YAPPI
Permanent Delegate a.i. of Israel to Unesco, Paris.

Westminster Cathedral choir

From Miss Janet Baker and others
Sir, It has lately become known that the choir of Westminster Cathedral is in danger of dissolution. This, it seems, has arisen for reasons that one can guess only too easily; the choir's salary has become quite inadequate in view of the rise in the cost of living, while the cathedral and its specialised and authoritative performance of plain-song—and of the polyphonic music of the sixteenth century in particular—form a part of our national culture, and represent a musical tradition that must not be allowed to disappear. For this reason the choir is anxious to give the matter as much publicity as possible in the hope that some solution may be found.

We feel that this situation, though primarily the concern of Roman Catholics, may well affect a wider circle. The high standard of this choir and its specialised and authoritative performance of plain-song—and of the polyphonic music of the sixteenth century in particular—form a part of our national culture, and represent a musical tradition that must not be allowed to disappear. For this reason the choir is anxious to give the matter as much publicity as possible in the hope that some solution may be found.

Yours faithfully,
JANET BAKER,
LENNOR BERKELEY,
WILLIAM GLOCK,
ALEXANDER GOHR,
CHARLES GROVES,
GEORGE GUEST,
EDITH LEDGER,
VICTOR MENDHAM,
ANDREW PREVIN,
JOHN TAVENER,
DAVID WILLCOCKS.
December 18.

Capital transfer tax

From Professor Sir Eric Scowen
Sir, There is an urgent need for all charities to endeavour to persuade the Chancellor of the Exchequer to abandon his proposal in the Finance Bill to introduce a tax on gifts to charity where the donor survives for one year.

This innovation will not only deter generosity but the intention to aggregate such gifts and then to relate them to a rising scale for the purpose of taxation will actively discourage the many who have sponsored supported vital medical research in the past.

This legislation is cruelly disappointing to those of us who have to raise money to support a national charity in times of inflation.

Yours faithfully,
ERIC SCOWEN,
Chairman of the Council,
Imperial Cancer Research Fund,
Lincoln's Inn Fields, WC2.

Queen's English

From Mr R. P. H. Green
Sir, It is rather pessimistic of Mr Millett (December 12) to say that "Englishmen are seldom sufficiently fluent to select the apt noun in time to determine the correct pronunciation of its definite article when they utter it". But at least he leaves open the possibility that Welshmen, Scotsmen and Irishmen know what they are talking about.

Yours faithfully,
R. P. H. GREEN,
Department of Humanity,
St. Salvator's College,
St. Andrews, Scotland.
December 10.

LETTERS TO THE EDITOR

Basis for public lending right

From the Secretary of the Library Association

Sir, Your leader of December 12 rightly emphasises the need to have regard to principle in framing legislation to introduce a public lending right. The working party which reported to Lord Eccles in 1972 on this question found it necessary to establish the principle to which the proposed right could be based as one of "use unaccompanied by ownership". It was demonstrated at that time that on this basis a lending right would concern, in addition to the use made of books through public libraries, also the use made through other types of institutional libraries including university libraries, school libraries, national libraries, etc.

It was also apparent that the proposed right could not, in equity, be limited to books but would also in principle apply to non-book materials including sound recordings, printed music, video recordings, and artistic works. It is difficult to see how any proposed legislation could be framed which would take into account this implicit wider application of the principle.

Sampling of loans made by public libraries will provide only a biased sample of the total lending made by institutional libraries. It is probably the case that both purchases and loans of technical literature, for instance, for public use through institutional libraries would be under-represented when based on public library figures alone, even though public libraries are significant providers of this type of literature. The administrative difficulties of extending the principle to other areas in which corporate provision is made of books and other materials for individual use are considerable and have not, as yet, been taken into account, even though it has been argued by the minister that the extension of the public lending right to these other fields is envisaged.

Apart from these points, the contribution made by institutional purchases to the publishing industry in this country, and consequently to the authors, is consistently under-appreciated by the advocates of a public lending right. Little attention has been given to this aspect in recent years, and it is one which challenges the whole concept upon which a public lending right is said to be based.

Yours faithfully,
R. P. HILLIARD, Secretary,
The Library Association,
7 Ridgmount Street,
Store Street, WC1.
December 17.

From Mr Douglas Hurd, Conservative MP for Oxford, and Mr Nigel Lawson, Conservative MP for Babby
Sir, The authors have made their case over and over again, and we are convinced. They are malrewarded. They deserve to be rewarded when people borrow their books from public libraries.

But how can it be right that this reward should be provided by the taxpayer, who never has borrowed a book in his life? We believe that as a matter of justice public lending right should be financed by a charge on each book borrowed. This would be true at any time. It is the more necessary now when our schools, hospitals and social services are competing desperately for scarce public funds.

Public lending right financed direct from borrowings would be a safer bet for authors than a scheme based on taxation, which would al-

The trial of Dr Shtern

From Mr Michael Sherbourne
Sir, On December 14 you published an unsolicited report from the Soviet news agency Novosti on the trial of Dr Mikhail Shtern. You go on to say that "the veracity of this report cannot be checked".

However as I am in daily contact with the Soviet Union and with the town of Vinnitsa I am in the fortunate position of being able to check the report.

Sadly I must say that Mr Boris Antonov who sent you this very lengthy report is being very far from correct.

Sadly I must say that he reminds me of the theatre critic who writes a review of a play and which the editor instructs to be published without being present at the opening night, and without realizing that the public performance is dramatically different from the dress rehearsal.

Mr Antonov's report is strangely similar in both content and wording to a statement made by him and published by the Soviet Embassy in The Hague, Holland, on November 29, press release No 22, 12 days before the trial began—but somehow not published or given to the press by the Soviet news agencies in Paris, Washington or London.

Mr Antonov says that "on the opening day of the trial the court heard the evidence of about ten witnesses" and he quotes at great length Mr Semyon Guzhyra. In fact on the opening day, December 11, the court heard seven witnesses, of whom six, including Mr Guzhyra, actually withdrew the testimony they had given at the preliminary investigation.

In only one respect is Mr Antonov correct. He says "a succession of witnesses gave similar evidence". This, Sir, is indeed true—but not in the sense that Mr Antonov means it. In fact on the first three days of the trial, 18 out of the 19 witnesses gave evidence similar to that of Mr Guzhyra, that is, they withdrew their earlier testimony and now stated openly in court that Dr Shtern had never extorted money or gifts from them, that they had given Dr Shtern money, but only out of gratitude after treatment and after being cured by a wonderful doctor for whom they had great admiration and affection—that they had given him the money voluntarily, and that the doctor had for a long time refused to take it, and only accepted it reluctantly, eventually, as a sincere mark of gratitude.

Mr Antonov quotes Mr Guzhyra—he is wrong.
Mr Antonov quotes Mrs Overchuk—again he is wrong. For Mrs Overchuk gave her main testimony yes-

ways be at the mercy of a Chancellor of the Exchequer looking for cuts. And if the charge included something extra towards the running of the libraries themselves, then they, too, would be on a healthier footing in the lean years ahead.

Yours faithfully,
DOUGLAS HURD,
NIGEL LAWSON,
House of Commons,
December 17.

From Mr Alan Brownjohn
Sir, At this stage in the long battle for public lending right, with legislation firmly promised and only the form of the scheme awaiting decision, it is a bit disconcerting to find so notable and respected a writer as Mr Basil Bunting expressing melodramatic alarm about a "toll" which will "cripple literature".

To rehearse the arguments yet again: no scheme for PLR payments can rationally deny authors payment in proportion to the number of times a book is borrowed (bestselling writers will pay proportionately more in taxes). But PLR will be correcting a situation where, at present, there is no recompense whatsoever, however many times a copy of a book is borrowed from libraries. Some people in an ill-rewarded profession may not get much from PLR, but the great majority of living professional writers will get something if a fair loans sampling scheme is instituted.

Writers, as much as anybody else, are entitled to band together to protect their interests. They have the Society of Authors, and with the new community of interest deriving from the PLR campaign, many writers of books are now in the process of joining film and television writers in the Writers' Guild of Great Britain. If Mr Bunting feels (I, for one, do not) that publishers will subtly diminish their royalties by the amount an author receives from PLR, why should the publisher know this amount? he has the opportunity of lending his influential voice to the protests which the writers' associations will undoubtedly raise.

The money for PLR will come from taxes. Where else? Can Mr Bunting suggest a more just, more practical, more obvious way of rewarding "men whose work is indispensable in a civilized land"? No publisher, no public library, no regional or local arts council will stand to lose from a scheme which will draw on central funds, disburse at the highest £5m a year and cost no more than £300,000 to operate. Whatever fraction this is of the cost of one Concorde, Sir, the rising cost of that dispensable creature will have made it an even smaller one by the time this letter reaches you.

Yours faithfully,
ALAN BROWNJOHN,
2 Belsize Park, NW3.
December 17.

From Mr Richard Collier
Sir, Any author's heart would be gladdened, as was mine recently, by a letter from a reader who had completed three successive readings of one of my books.

The sting lay in the parenthesis: "—thanks to Sheffield public library".

I have the honour to be, Sir, your obedient servant,
RICHARD COLLIER,
None-Go-By,
Burgess Heath,
Tadworth,
Surrey,
December 16

terday, December 18, and not on the first day of the trial, and whereas at the preliminary investigation she had called Dr Shtern "a spy" (sic) because he had not increased the growth of a reader's world, and who was only 150cms in height, in court yesterday she changed her evidence and agreed that Dr Shtern had increased his height by 10cms.

The 50 roubles she gave Dr Shtern was to cover the cost of eight injections which Dr Shtern had bought privately in the interests of his patient, and for which he had paid 64 roubles, the balance of 14 roubles coming from his own pocket. The court accepted this evidence.

Considering the fact that Mr Antonov claims to be writing from the court house in Vinnitsa, I find it rather strange that he makes no mention of the fact that at the very opening of the trial Dr Shtern challenged the presence of the man responsible for the medical expertise—Professor Kutchuk—on the following grounds:

1. Professor Kutchuk is a convicted anti-semitic;

2. Professor Kutchuk is not an endocrinologist;

3. In Shtern's own words "Professor Kutchuk is an ignoramus and the holding of an academic degree does not necessarily signify any degree of academic attainment or erudition". (Professor Kutchuk nyetuych i nye vskazyva utchonyaya styepen' year' patsyeyen' utchonyosty.)

Nor does Mr Antonov tell us that on Friday, December 13, the court accepted this objection and agreed to replace Professor Kutchuk. The team of forensic medical experts is now headed by Dr Kaminsky, a former colleague of Dr Shtern's, and his testimony on Tuesday of this week, December 17, completely vindicated Dr Shtern, particularly in regard to the testimony which he had changed her testimony on the first day, Mrs Antonina Garmakhar, but whose testimony was discredited by the court on Wednesday, yesterday.

Time and space do not permit me to go into fuller details, as you have permitted Mr Antonov, but in fact, Sir, I go so far as to say that the facts quoted in the excellent article by Mr Bernard Levin are completely accurate.

I trust, Sir, that in the interests of the establishment of truth you will print this letter in full. I am, of course, able to support my statements by tape recordings which you (or Mr Antonov) can listen to at any time.

Yours respectfully,
MICHAEL SHERBOURNE,
32 Ciesbury Ring South, N12,
December 19.

Export market for bloodstock

From Lieut-Colonel R. H. W. S. Hastings

Sir, In the past few days we have been told of the parlous state of Britain's balance of payments situation, due to imposed export controls by many millions of pounds. The bloodstock industry—the breeding and sale of thoroughbred horses—bears no share of the blame for this state of affairs.

Last week at the Newmarket December Sales my company the British Bloodstock Agency bought bloodstock at a total of £1,290,000 of which 90 per cent was for foreign clients from 24 countries, including two from behind the iron curtain, to be paid for from external funds. No doubt Messrs Tattersalls, the auctioneers, will be able to confirm that this represents a true cross-section of their trade last week. This year it was noticeable that an exceptionally large number of foreigners travelled themselves to Newmarket. Drawn to Britain solely by the attraction of thoroughbred horse sales, they certainly spent a great deal of money, incidentally, in travelling, accommodation and various purchases. The hotels, taxi proprietors, saddlers, shops and clothing stores in the neighbourhood of Newmarket will bear this in mind. The ripple effect is far-reaching; for few South American wives would endure a week at Newmarket without the promise of a substantial reward in London.

The bloodstock industry surely played its part in attracting foreign currency to the tune of £4,000,000 in one week. In the short term, this was an excellent thing for breeders and the Exchequer. In the longer term, the loss of too many good horses abroad will weaken our export market and affect horse racing from which the industry derives some £100,000,000 a year.

Bloodstock breeding, whether you like it or not, is an industry and one with a significant export market. If it is to continue to contribute, our racing must be in a healthy state. It is also necessary for breeders to be able to cash their stock.

There seems to be three immediate steps which could be taken without difficulty and without a conflict with other interests.

Firstly, the present incidence of VAT and import tax should be altered to come into line with other countries, particularly Ireland and France. What is the good of a Common Market, if there is discrimination against ourselves?

Secondly, if the government wish to continue to draw £4,000,000 a year from betting, they will have to allow the race breeders a larger proportion of the "take" as is done in other countries. If not, racing will decline and the proceeds of the betting tax with it.

Thirdly, some form of tax structure should be devised, perhaps on the basis of a licence, which will allow breeders to replace their stock from the racecourse, when they have sold abroad. No industry can survive without intercession of fresh capital and the opportunity to bring up to date its machinery.

The French and the Irish understand the importance of their bloodstock industries. It is time that we did too.

Yours faithfully,
R. H. W. S. HASTINGS,
Chairman and Managing Director,
British Bloodstock Agency,
26 Charing Cross Road, WC2.
December 16

Dyslexic children

From the Chairman of the British Dyslexia Association

Sir, Caroline Moorehead's interesting article (December 9) poses at its end the question "Why should dyslexic children have preference over other children with other reading difficulties?" The question that should surely be posed is: "Why are not all backward readers adequately taught—each according to their need and their disability?"

The need of the dyslexic is different from other backward readers, and must be assessed and dealt with in a manner that is appropriate to their disability.

Comment is needed, too, on Caroline Moorehead's passage intimating that dyslexia is a middle class excuse to avoid labelling their children backward. Dyslexia in common with other disabilities, knows no social boundaries, real or imagined. The credit goes to those who are bringing it to the notice of the population at large and clamouring that it should be acknowledged and dealt with within our educational system.

Once dealt with, a larger proportion of our school leavers will be of value to the community instead of running the risk, through no fault of their own, of being a liability.

Yours faithfully,
RADNOR, Chairman,
British Dyslexia Association,
18 The Circus,
Bath, Avon.
December 10.

Inside a Dalek

From Mr Terence Dicks

Sir, On a point of Dalek scholarship, may I draw attention to one small error of your critic Mr Irving Wardle's otherwise kind review of my play *Dr Who and the Daleks* at the Adelphi?

Mr Wardle chides me for assuming that the outer casing of a Dalek conceals a living creature. Yet such is, in fact, the case. The Daleks are not, and never have been, any kind of robot—a fact clearly established on television many times, since the Daleks were created by Terry Nation well over ten years ago.

The demonstration of this in every Dalek story is, in itself, one of the inflexible "Dr Who" rules to which Mr Wardle himself refers at the beginning of his review.

In the hope that you will permit me to exterminate this minor inaccuracy, I am,

Yours faithfully,
TERENCE DICKS,
11 South Hill Park,
NW3,
December 17.

FEARS OF INDIA'S NORTHERN NEIGHBOURS

King of Bhutan will be apprehensive during his current visit to New Delhi. Last September he was dined with no pleasure by the Indian government relative and fellow monarch, the Chogyal of Sikkim, respect that some such loss of his own independence now be intended will be lost in his mind.

an's degree of independence India is, of course, greater than Sikkim's was this year's Indian action. has a representative at the United Nations and has been in its own missions in and Dacca. Sikkim was us at all times of the e of Indian troops stationed in the country, whereas has no such occupying only training units support India. Nevertheless, dian determination that t Sikkim firmly under control last September actually exercised both and Nepal, and not reason.

It is nominally independent the Nepalese Prime Minister was given a drubbing e passed through Delhi a go on his way back from via. The charge against s the anti-Indian attitude government. The same is made against the

Bhutanese government. The Indians will argue that their own strategic circumstances—obvious since the Chinese attack of 1962—justifies their demand for friendly and compliant states in the Himalayan region. Given such friendly relations as a bolster to India's security, they would dismiss any charges of incursion into Nepal's independence or any further limitation on Bhutan's.

Such arguments are not likely to allay fears in either Bhutan or Nepal. When Sikkim became an "associate state" of India with the right to representation in the Indian parliament last September there was immediate reaction in Nepal with anti-Indian demonstrations in Kathmandu. Hostility in Bhutan was not so blatant but just as strong under the surface. Both states tend to conclude from events in Sikkim that Indian anxiety over the Himalayan region, coupled with their fear of China, is leading them to assert a gradual political control that began with Sikkim and that will be followed in Bhutan and Nepal, though taking different forms.

It is true that where some indeterminacy of national status exists a conflict can easily arise. In the past two decades, for example, Nepal has been trying to acquire the status of a buffer state between China and India.

Because the Indian influence had been the stronger in the country when the process began, Nepal's leaning towards China to right the balance seemed the more deliberate and therefore suspect in Indian eyes. By suggesting in recent months that it should open missions in London, Paris and Bonn, Bhutan has also been trying to fortify a limited independent status and this, too, has excited Indian suspicion. Some such moves towards a greater independence of India were at one time suspected of Sikkim. Hence the political moves that eventually resulted in the displacement of the Chogyal.

Ideally, better relations between India and China should allow the states of the Himalayan region to find their own balance and independence. The Indians can justly complain that their own hopes for such improved relations with Peking have not been reciprocated by any move from the Chinese capital. Of course the Indian incorporation of Sikkim brought Chinese charges that it was no better than the Soviet invasion of Czechoslovakia. Such Chinese words are no guide to their own interest in the region; they simply aim to discredit India. But many countries other than China found cause to deplore Indian behaviour over Sikkim and as many more would regret any similar action over Bhutan.

NGER STRIKE IN GERMAN PRISONS

German authorities are facing a problem which is wholly unrecognizable in British counterparts. thirty prisoners who are on trial on charges connected with the activities of an guerrilla movement have been on hunger strike since 13. They are demanding prison conditions, and ular the end of isolation their prisoners. One has died. More may do so. there is a danger that risers will set off bombs other forms of violent

problem is especially complicated because West Germany federal state and prisoners tered all over the country rent prisons under different authorities and different e degree of determination they show. But the issue ume a national one in so public opinion has been l and the federal authori: deeply concerned. prisoners have not helped by the way in which e tried to portray them, as "political prisoners"

subjected to "torture" by a "fascist state". When they try to associate themselves with prisoners of conscience under real tyrannies they not only demean language but show either appalling presumption or total misapprehension of reality. They also destroy the credibility of every other statement made by them or on their behalf. Unfortunately M. Jean-Paul Sartre was naive enough to take some of these statements at their face value.

The fact is that these people are not charged with political offences and there is no evidence that they are being tortured in any real sense of the word. The charges against them include five murders, 54 attempted murders and other offences including bombings. The philosophy attributed to them endorses the use of violence for political aims.

It is therefore wholly understandable that the authorities feel obliged to keep such prisoners in conditions of very tight security and to some extent isolated from other prisoners. They have friends outside who might organize violent rescue attempts, and at least one of them used his contact with other prisoners as an opportunity for political agitation. On the other hand it appears to be true that

in some prisons the degree of isolation was excessive and subjected prisoners to severe nervous strain. These conditions have now been ameliorated and most prisoners have radios, books, streams of visitors, and some contact with each other. But there is legitimate cause for protest against the fact that they have been held without trial for about three years in conditions which have been in varying degrees punitive.

Their hunger strike adds another dimension to the problem. Should the authorities give in, in order to avert revenge killings or in order to ensure that the accused remain alive to stand trial? At the moment the prisoners are not resisting tube feeding, but some of them are becoming dangerously weak. The issue is still undecided, and attempts at negotiation between the prisoners and the authorities have had little success. The situation is not the same as that faced by Mr Roy Jenkins in the summer, but his statement of July 17 has some general relevance. He said that there was no rule of prison practice which required the prison medical officer to feed by force a prisoner of sound mind who persistently refused food.

But let them accept that no royalty doth hedge a bishop. Yours faithfully,
BARNEY TRENCH,
Commission of the European Communities,
Directorate-General for Development and Cooperation,
Rue de la Loi 200,
Brussels,
December 10.

ps and terrorism

Barney Trench
ur editorial "bishops and n" (December 10) fails to undamental point. The state body politic, the Church is no through the wain shall e distinction is important. e are not allowed to public

office any more than a religion is voted in by the electorate. In their public actions they are as answerable to the state, at least under Western models, as any private citizen, as Henry VIII made rather violently clear.

This said, let us hope there will never be any lack of turbulent priests with the courage to set an active example of the Word of God.

LAING

LOCAL
OR NATIONAL
CONSTRUCTION SERVICE

Shah of Iran says oil producers will retaliate if gold is revalued by west

Tehran, Thursday.—The Shah of Iran said today an upward revaluation of gold holdings by western powers could lead to a nine-month freeze in oil prices and bring about the collapse of the whole monetary system.

It would be "a very, very grave problem" and rising oil prices would "surely follow", said the Shah, commenting on reports that a boost in gold prices was indicated from the Martinique talks between President Ford and President Giscard d'Estaing.

"If they want to strangle us in that nine-month freeze, we will be like people who are drowning, having recourse to anything. It won't be just a question of a few per cent inflation. It could eventually be the collapse of the whole monetary system," the Shah asserted.

"If our purchasing power is lost, everything goes," he said, including the freeze approved last week in Vienna by the Organisation of Petroleum Exporting Countries, with the possibility of another Arab-Israeli war gaining momentum, the Shah scoffed at reports of plans by the United States or other nations to seize Arab oil fields in the event of another embargo.

"How would they seize and what pretext?" he asked. "On what moral ground, under that right, in what article of the United Nations' charter?" The Shah said he didn't fear

that the 38 cent per barrel price rise agreed by OPEC in Vienna last week would bankrupt western oil-consuming nations. "Oil that was nothing," he said. "The price of oil has not yet even reached what it would take to produce alternate sources of energy."

Elaborating on his call for a dialogue with western consumer nations to link the price of oil to a "basket" of commodities required by producing and developing countries, the Shah said:

"We are looking at 20 to 30 commodities that could be manufactured goods as well as raw materials. . . eventually it would be a very meaningful basket, representative of your inflation or deflation. Because, as I said before, I am ready to go up if you are inflating and I am ready to go down if you are deflating."

The Shah confirmed reports that Iran was talking with Shell Oil "for some kind of distribution in the United States", presumably buying service stations. "We might have some kind of joint cooperation between Pan American and Iran Air that would be in the interests of both airlines." But he insisted: "There never has been any talk of buying into Lockheed and Grumman" — which supply many of Iran's jet fighter and troop transports. — AP-Dow Jones.

Higher export prices undermine UK trade

Melvyn Westlake, Economics Staff

Inflation in Britain is pushing up export prices at an alarmingly fast rate, but the volume of goods sold overseas is falling at an even more rapid pace.

These trends underlying the country's export performance help to explain the recent deterioration in the overseas trade balance and November's record deficit of £534m.

They are disclosed in official figures published by the Department of Trade yesterday, which show the extent of changes in Britain's terms of trade, the relationship of import prices to export prices.

A November alone export prices rose 2 per cent, taking the unit value index to 174.8 (1970=100). During the past 10 months the rise has been per cent, or at an annual rate of more than 20 per cent.

In contrast the volume of exports sold in foreign markets more than 24 per cent last month, and more than 8 per cent last year and November taken together.

It is clear that Britain is in a tough fight in selling its goods. This may be partly a result of the worldwide slump in industrial production and personal consumption, but it may also reflect resistance to higher-priced British goods, and what is effectively higher export prices nevertheless mean that the country's terms of trade have worsened further after slumps by more than a quarter between 1972 and early 1974. Import costs were more than doubling, though an improvement in terms of trade means that Britain needs to pay less than it did to buy a given amount of imports, the long-term implications are less encouraging.

If export prices continue to rise faster than import prices, the country's business will ultimately price themselves out of their markets. At the same time there is no chance that consumers in the country are buying less abroad.

The volume of imports in November rose by 3.7 per cent. Although they are lower than they were in the two months before, they are still rising. It is surprising that they have remained so high in the face of steadily rising import costs, as suggests importers have

been prepared to go on buying the same volume of goods even at the higher prices, which is in marked contrast to what is happening to British goods sold overseas.

The rise in import prices in November was just 1 per cent, a good deal less than in earlier months, taking the official import unit value index to 229.2. The main import price increases seem to be heavily concentrated in food, drink and tobacco, while fuel import costs have stabilized during the last three months, helping to slow down the overall rate of increase.

Britain's problem is that it has to continue buying a wide variety of raw materials despite their increasing cost, whereas many of its exports are highly price sensitive.

It now appears that the price of the country's exports are rising as fast as domestic prices, whereas earlier in the year it seemed that the goods sold overseas were actually being underpriced.

At that stage, businessmen were being exhorted to consider their pricing arrangements more carefully and to try to maximize foreign exchange earnings.

Imports of goods from the rest of the world rose by 1.1 per cent in November, but this was largely due to a rise in the price of gold, which was revalued by the West.

The volume of imports in November rose by 3.7 per cent. Although they are lower than they were in the two months before, they are still rising. It is surprising that they have remained so high in the face of steadily rising import costs, as suggests importers have

been prepared to go on buying the same volume of goods even at the higher prices, which is in marked contrast to what is happening to British goods sold overseas.

The rise in import prices in November was just 1 per cent, a good deal less than in earlier months, taking the official import unit value index to 229.2. The main import price increases seem to be heavily concentrated in food, drink and tobacco, while fuel import costs have stabilized during the last three months, helping to slow down the overall rate of increase.

Britain's problem is that it has to continue buying a wide variety of raw materials despite their increasing cost, whereas many of its exports are highly price sensitive.

It now appears that the price of the country's exports are rising as fast as domestic prices, whereas earlier in the year it seemed that the goods sold overseas were actually being underpriced.

At that stage, businessmen were being exhorted to consider their pricing arrangements more carefully and to try to maximize foreign exchange earnings.

Imports of goods from the rest of the world rose by 1.1 per cent in November, but this was largely due to a rise in the price of gold, which was revalued by the West.

The volume of imports in November rose by 3.7 per cent. Although they are lower than they were in the two months before, they are still rising. It is surprising that they have remained so high in the face of steadily rising import costs, as suggests importers have

been prepared to go on buying the same volume of goods even at the higher prices, which is in marked contrast to what is happening to British goods sold overseas.

The rise in import prices in November was just 1 per cent, a good deal less than in earlier months, taking the official import unit value index to 229.2. The main import price increases seem to be heavily concentrated in food, drink and tobacco, while fuel import costs have stabilized during the last three months, helping to slow down the overall rate of increase.

Britain's problem is that it has to continue buying a wide variety of raw materials despite their increasing cost, whereas many of its exports are highly price sensitive.

It now appears that the price of the country's exports are rising as fast as domestic prices, whereas earlier in the year it seemed that the goods sold overseas were actually being underpriced.

At that stage, businessmen were being exhorted to consider their pricing arrangements more carefully and to try to maximize foreign exchange earnings.

New tariffs will boost BSC income by £300m

By Peter Hill

Price increases which will boost the British Steel Corporation's income by about £300m or 20 per cent will be implemented on January 2.

Last night the corporation would not specify the average level of price increases, but it will be selective, and it is certain that the heavier increases will be borne by the markets the BSC believes will remain buoyant next year. This would cover heavy engineering steel products used in the offshore oil and gas development programme and in the corporation's own investment projects.

Less severe increases will be imposed on those products which demand is easing, particularly strip mill products used in the motor industry. This latest round of increases is the first introduced by the state steel undertaking since the 25 per cent average rise implemented in March.

In a statement the BSC pointed out: "Since the last major review of prices in March, 1974 the corporation's costs have increased very substantially as a result of the unprecedented pressures of inflation."

The changes would increase BSC revenue on products covered by the Treaty of Paris, which include billets, alloy steels and strip mill products by 20 per cent on the basis of existing sales forecasts for 1975.

This implies a revenue increase of about £300m in a full year against a rise in costs of £400m which the corporation was seeking to recoup from price increases. The corporation is hopeful that the £100m difference will be covered by increased export sales and the higher price of products covered by the Treaty of Rome, which are subject to Price Commission control.

Announcement of the BSC charges will be followed shortly by a further upward movement in prices of steel products produced by private sector steel-makers.

The case for price rises, page 17

EEC plan to fund nuclear stations

Brussels, Dec 19.—A scheme to borrow up to 500m units of account (about £190m) to help finance nuclear power stations in the EEC is to be put to the nine member governments. The plan was put up by the 13-man executive commission.

If the project is approved the money will be raised by bond issues on whatever capital markets offer the most favourable conditions.

EEC nuclear power companies will have access to this finance to top up their borrowing from other sources. The commission proposed that money obtained from this source should be limited to 30 per cent of their other borrowings to finance investment.—Reuter.

Benn aid to IPD may spark big row

by Malcolm Brown

A political row is expected to erupt today over the proposal by Mr Benn Secretary of State for Industry to offer £3.9m aid to the IPD (Industrial) cooperative, the group set up to save 1,200 jobs at the IPD factory at Kirby on Merseyside. This is the former Fisher-Bendix plant.

Mr Benn acted against the recommendations of the Industrial Development Advisory Board, the group of industrialists set up to advise him on special aid under the Industry Act 1972.

In a parliamentary answer yesterday Mr Benn declared that he would lay a statement before Parliament on the request of the board on the IPD issue.

This is the first time such a statement has been called for. Under Section 9 of the Industry Act 1972 the Secretary of State is obliged to lay a statement before Parliament on the request of the board on any matter at the request of the Secretary of State and the Secretary of State exercises his functions under Sections 7 and 8 of this act contrary to their recommendation.

Opposition members were interpreting the board's action last night as the culmination of a growing resentment in the Industrial Development Advisory Board over Mr Benn's treatment of it.

The straining of the relationship appears to have started with the Court Line affair.

More recently the Secretary of State's contacts with the board over such matters as the Ferranti affair appear to have been very limited.

The Times index: 65.63 +0.60
FT index: 163.3 +2.2

How the markets moved

Rises		Falls	
Allen, E.	4p to 32p	Anglo Thai Corp	25p to 65p
Barclays Bank	4p to 12p	Asiatic Petroleum	25p to 28p
British Land	7p to 17p	Bracken Mines	2p to 28p
British Telecom	25p to 12p	Central Man	2p to 20p
British Water	25p to 12p	Costain, R.	5p to 70p
Com. Cons	2p to 18p	Cathie Corp	5p to 11p
Exons	2p to 16p	Hoover	5p to 11p
Hawker Siddeley	4p to 14p	Lyles, S.	3p to 32p
Imperial Chemical	4p to 12p	Lane Fox	4p to 14p
Land Secs	10p to 95p	Letrasat	4p to 20p
M&P	9p to 88p	Monk, A.	2p to 18p
NEPCO	1p to 6p	Nelson Fin	15p to 16p
Needham	1p to 4p	Shaw, F.	1p to 73p
Union Corp	3p to 47p	Western Areas	30p to 61p
Westland Air	3p to 22p		

Equities remained firm, with property shares active in late dealing.

Gold-edged securities had another good session.

Sterling dropped 115 points to 2,330. The effective devaluation rate was 21.1 per cent.

Gold eased 25 cents to \$186.25.

SDR—\$ was 1,219.30 while SDR—£ was 0.521553.

Sugar futures rose between £13 and £18 while the daily price was lifted £10 to £420.

Cocoa futures were £19.50 up to £5.50 lower. Tin dropped £65 but LME silver gained between 6.65p and 7p. Reuters index was 5.4 higher.

Reports, pages 18, 19 and 20

On other pages		Company Meeting Reports	
Appointments vacant	22	Bass Charrington	19
Business Diary	17	Brycoeur Investments	20
Financial Editor	17	The Cameron Group	18
Financial news	18, 19	David Charles	18
Letters	16	Mitchell Cotts Group	16
Market reports	19	Harland and Wolff	18
Share prices	21	Industrial Development	17
Unit Trust prices	20	Authority of Ireland	17
Wall Street	18	Jessups (Holdings)	20
Bank Base Rates Table	20	Lake & Elliott	19
		Herman Smith	20
		Yorkshire & Lancashire Investment Trust	20
		Interim Statement	19
		Unigate	19
		Company Notices	19
		Anglo American Corporation of South Africa	20
		Charter Consolidated	19
		De Beers Consolidated Mines	20

Government controls on wholesale bread price

By Hugh Clayton

The Government took action last night to extend its controls on bread to wholesale prices. It admitted this would probably cut as much next year as they have been in 1974.

Mr Robert MacLennan, Parliamentary Under-Secretary at the Department of Prices and Consumer Protection, said in a written Commons reply that bakers' discounts to retailers were to be cut to 22 per cent or the level operating immediately before the last subsidy increase in September, whichever was lower. Any new rate of discount next year would need the consent of the Secretary of State.

He told Mr Ron Lewis, Labour MP for Carlisle, that the Government had been worried for some time about the effect on bakers of the high discount rates agreed in recent months. The decision was immediately condemned by the Macs, Spar, VVO and VG grocery chains, which have recently negotiated high discounts with bakers on behalf of more than 10,000 shopkeepers.

They called on the Government to impose a fixed price and margin for bread on the lines of that operating for milk if it went on subsidizing bread. The Government said that the discount levels, which will start on January 6, would mean that supermarkets which fixed discount rates before September 3, would be able to make more profit out of bread than other retailers.

Mr MacLennan underlined the importance which the Government attaches to bread by saying that it was one of the most notable successes in the "voluntary agreement" reached with retailers in the summer.

Fibreglass to build £19m Welsh plant

By Edward Townsend

Fibreglass, subsidiary of the Pilkington glass group, is to build a £19m insulation factory at Pontypool in South Wales, but the development will result in the loss of more than 200 Pilkington jobs in the area.

No date has been fixed for the start of construction, but the new plant is completed, Pilkington plans to close its nearby sheet glass works and offer 300 workers new jobs at the insulation factory.

A Pilkington spokesman said yesterday that the remaining sheet glass workers would be offered redundancy terms and in addition a considerable amount of natural wastage was expected.

Pilkington decided in October to shelve indefinitely its £150m worldwide "expansion programme" but the impact of soaring energy costs on the insulation market—this year's growth rate has been 30 per cent—has clearly boosted Fibreglass's prospects.

State to take 30 pc stake in oilfield if development financing fails

By Roger Vielvoe

If two small companies fail to raise their £70m share of the development costs of the Thistle North Sea oilfield the Government will take over their 30 per cent stake.

The companies, Tricentrol, a British-based organization, and United Canso, from the United States, have found severe problems in raising their share of the finance, threatening to delay the field's development.

As the Government was coming to the aid of the Thistle-led Thistle group, a promising new extension to the Ninian oilfield further south was announced by Burmah. Preliminary results from a new well on the field indicate that Ninian could eventually produce more than 500,000 barrels a day compared with current production estimates of 400,000 barrels a day.

Mr Eric Varley, the Secretary of State for Energy, said yesterday that if the problems of United Canso and Tricentrol over financing could not be solved, there could be a year's delay to the development of the

field and the start of production, now scheduled for 1977. Government aid was dependent on the development programme for the field continuing.

He added that United Canso, with 20 per cent of the group, and Tricentrol with 10 per cent, also had the alternative of finding a purchaser for their North Sea interests before accepting the Government's offer of finance. The Department of Energy would be prepared to meet future development costs but not past expenses.

Tricentrol last night welcomed the Government statement. "We are negotiating on all fronts with a number of people for the finance and we hope that the Government's guarantee will not be implemented," said a company spokesman.

Mr Varley is committed to obtaining Parliamentary approval before the guarantee system can be introduced. It is thought that the details of the project early in the new year, which does not leave Tricentrol and United Canso long to sort out their problems.

Burmah has already ordered a single steel production platform for the field, capable of producing 200,000 barrels of oil a day. The field, which extends eastward into acreage held by Conoco, Gulf, and the National Coal Board, will also be connected to the Brent pipeline system on the Shetland Islands.

Drilling results from Burmah's third well on its portion of the Ninian field in block 3/3 have proved the existence of a northern bulge in the boundary. Because of bad weather testing on the block was limited to short periods when flow rates of up to 7,740 barrels a day were obtained.

On these figures it would be difficult to justify output of 500,000 barrels a day but it is thought that details of the field would provide more substantial flow rates and data.

The rig Ocean Kokuei is now moving to drill a fourth well on the block which, if successful, could substantiate rumours that the field extends into the adjoining territory to the east. In these circumstances 500,000 barrels a day should be obtained quite easily.

Kwik Save ex-chairman criticized

By Margaret Drummond

Inspectors appointed by the Department of Trade to investigate Mr Albert Gubay's sale of a key stake in Kwik Save to his surprise departure to New Zealand last year found the suggestion that Mr Gubay was unaware of any obligation under the Companies Act to notify the company of such a transaction "not surprising".

Mr Gubay, former chairman and main architect of the successful discount group, sold his 46 per cent stake in Kwik Save for £12m and emigrated at the beginning of 1973.

Mr D. S. Mangat and Mr J. H. Dickman, the inspectors, were appointed on March 2 under the provisions of Section 372 of the Companies Act 1967 to determine whether contraventions of Sections 25 and 27 of the Act had occurred.

The report says that although Mrs Gubay had already resigned her directorship before the sale of the share stake, Mr Albert Gubay, who continued as director until December 1972, was in default of Section 27(1) (B) of the Act, for failing to give formal notification of the changes in his family's shareholding within 14 days.

Mr Gubay claimed that he gave notice within 14 days of becoming aware of his obligation to do so. He claimed that because he did not know of the provision of the Act, he was under no obligation to comply.

\$100m Chile settlement

Santiago, Dec 19.—Chile, it was reported yesterday, was ready to pay International Telephone and Telegraph Corporation some \$100m (about £43m) for its expropriated investments in the country's most important telephone utility.

EEC ministers back Healey oil dollars plan

From Roger Berthoud, Brussels, Dec 19

Following a line long advocated by Mr Healey, finance ministers of the Nine today plumped for the IMF as the prime vehicle for recycling surplus petrodollars.

German hostility to Dr Kissinger's plan for a \$35,000m (about £15,220m) fund controlled by industrialized countries prevented the ministers from reaching agreement on a joint approach to the recycling problem. The draft resolution proposed by the European Commission had implied a welcome for the American plan.

Ministers passed the technical implementing resolution for the agreed \$3,000m Community loan, and urged the Commission to approach potential lenders, notably the Organization for Petroleum Exporting Countries members. Signor Emilio Colombo, the Italian finance minister, indicated he would be back in January to make use of it.

M. Jean-Pierre Fourcade, of France, the chairman, seized the occasion to urge his colleagues to "accept the logical consequences" of their agreement in Zeist, Holland, earlier this year on gold.

This recommended that EEC central banks should be free to trade gold among themselves

at market-related rather than the lower official prices.

But no decision was taken, and American agreement remains indispensable. The gold and petrodollar problems are expected to figure largely at the informal meeting of the EEC finance ministers at Lancaster House in London in early January.

The American administration has long opposed any increased role for gold in the world monetary system, and is unlikely to become more amenable if its recycling plan for petrodollars is not approved by the Europeans.

Although Mr Healey considers it could be a useful adjunct to an enlarged IMF facility, he shares German fears that it would look like a rich man's club and could alienate oil producers by excluding them.

The chief German objection is that, with the Americans, they would be the chief guarantors of the loans from the fund, whereas in the IMF scheme the burden would be evenly spread among consumers and producers.

The ministers also discussed several other schemes for a reconstitution of the EEC's unit of account, which is still tied to the pre-1971 dollar.

Bonn cuts Lombard rate

Frankfurt, Dec 19.—West German Bank and Lombard rates will be lowered one half point to six per cent and eight per cent respectively from today, the Federal bank announced.

The rates were last changed on October 25 when they were also reduced by one half point. The Federal bank takes account of the present economic situation and supports the market trend of lower interest rates.

It said in a statement issued after its central council meeting.

The effect of these cuts should be to reduce the borrowing costs of industry (excluding the Post Office, railways and housing sector) by a net 3,000m Deutsche marks, Herr Helmut Schlesinger, a board member said in answer to questions.—Reuter.

Industry cuts back on Christmas parties

By Patricia Tisdall

The entertainment trade is suffering from cutbacks and cancellations as an increasing number of firms economize on their Christmas hospitality budgets.

Reductions in entertaining expenses are being implemented right across industry where, according to a spokesman, executives are required to keep costs down wherever possible.

Property concerns are among those introducing most recent economies. At least three big social functions have been cancelled this year.

The move appears to have been led by Land Securities Investment Trust which cancelled its annual cocktail party, normally involving several hundred guests, at Claridge's hotel early this year because of the economic outlook. A spokesman said no decision had been taken about reviving the event next year.

Another property organization, Great Portland Estates, has also, according to Mr Basil Samuel, its chairman, decided against holding its annual party because of the economic situation. This normally involves some 300 or so guests. It too is usually held in Claridge's.

Probably the biggest event in the property world's social calendar is the annual party held by Edward Erdman and Co, the Mayfair estate agents, at the London Hilton hotel. Guests attending this function usually number between 1,000 and 2,000 and it too has been cancelled because of the poor business outlook.

Mr J. C. Cook, a director of Edward Erdman, however, explained that financial economies were not the firm's only reason for cancelling the party. It was thought that in the current general climate of the property market it was not appropriate, he said.

Business Diary, page 17

Unigate's £7.8m half time profit

Half time figures from Unigate were much in line with market expectations, with pre-tax profits at £7.8m as against £8.5m after taking a much increased credit on the adjustment of milk margins of previous years.

Because of the government's close control of margins, however, and the continuing economic uncertainty in the United Kingdom, the chairman is unwilling to forecast the outcome for the year.

Financial Editor, page 17

Dispute stops release of employment figures

Because of industrial action in local offices of the Employment Service Agency, figures for employment for December were not available yesterday as scheduled. Figures for vacancies were provided for some regions. The total number of vacancies notified in six of the 10 regions during December is estimated at 92,222, a fall of 9,630 since November.

How Standard and Chartered help you develop your business overseas

Nowadays the proper development of opportunities overseas may be vital to the profitability of your company. And, to help you to the full, you will almost certainly need a bank that offers more than just a conventional service.

At Standard and Chartered our world-wide organisation brings you many extra benefits. Exceptional professional speed, for instance, because the same Group is working for you here and overseas. We have 1,500 branches and Group offices in 60 countries in Europe, Africa, Asia, the Middle and Far East, Australia and the Americas. This unique network contributes to a central pool of local knowledge which very few banks can offer their customers.

Up-to-the-minute local information could be vital to your overseas business. And there are many other ways in which Standard and Chartered can help you. Give us a call now in London on 01-623 7500 Extension 433.

Outside London ring our Manager at these branches:

Birmingham	021-236 7402
Bristol (Office)	0272-293 639
Glasgow	041-204 0505
Leeds	0532-446731
Liverpool	051-236 2425
Manchester	061-236 5457 Charlotte St. 061-834 7244 Spring Gdns.

Standard and Chartered BANKING GROUP LIMITED

helps you throughout the world

10 Clements Lane, London EC4N 7AB

More ships cancelled by Norwegian magnate

By Peter Hill

Norwegian shipping magnate, Hilmar Reksten, who is in bitter dispute with Aker, a leading Norwegian shipbuilding group, over the cancellation of four huge oil tankers two months ago, has cancelled two more vessels which he ordered in 1970.

These tankers, each of 285,000 tons deadweight, with an estimated contract value of about £25m, were due to be delivered in June and December next year.

But yesterday, according to reports from Oslo, Reksten's company cancelled the ships because of delays in delivery. This was countered by the Aker group, which said that Mr Reksten had been warned in 1970 that there would be delays in completion and deliveries were rescheduled for March and June of 1976.

Aker is now claiming that the cancellations are in breach of contract and will demand full compensation for the losses. Meanwhile the company is seeking new owners to take on the lapsed contracts. Another legal battle is pending over Aker's earlier annulment of four 420,000 ton deadweight vessels valued at £160m for Mr Reksten.

While delays may be the reasons for the cancellations, it is indicative of the current slump in demand for large tankers in the wake of last year's oil crisis and continuing uncertainty over the prospects for world trade.

1,000 Courtaulds jobs go in fibres plant closedown

Courtaulds is to close its main British acrylics plant at Grimsby. The company stated last night that the decision had been taken because of industrial disruption there. Arrangements are being made to run down the plant, and these should be completed by today.

The move follows a warning a week ago that unless an overtime ban was removed disciplinary action would be taken.

A management spokesman said last night that any move to reopen the plant would depend upon the attitude of the workforce. At least 1,000 men will lose their jobs. The plant is one of the largest in Europe. The trouble started when factory extensions were postponed because of the economic situation. Two months ago Courtaulds put the extension schemes into cold storage because of a decline in demand for its Courtaulds fibre.

The company said then that world economic affairs might result in some production cuts. After protracted negotiations a small amount of short-time working was introduced. Then an overtime ban was imposed in some sections of the factory.

Chrysler millwrights call off strike to qualify for holiday lay-off pay

By R. W. Shakespeare
Northern Industrial Correspondent

Skilled workers at the Chrysler car assembly and engines factories in Coventry decided yesterday to call off their month-old strike in support of demands for increased overtime rates.

The strikers, 190 millwrights who are responsible for vital maintenance work, followed a recommendation of their shop stewards to return to work on the night shift last night only two days after voting to continue their stoppage.

Several factors appear to have influenced the decision. Chrysler has announced that more than 4,000 other car workers in Coventry are being laid off for

what amounts to an extended holiday over Christmas and New Year. By calling off their strike the millwrights will qualify for lay-off pay during this period.

Secondly, other shop floor workers have refused to support the millwrights in their demands for a unilateral settlement on increased payments for weekend work. This has meant their strike has been largely ineffectual since management men with the cooperation of other workers have been doing the jobs they normally do.

British Leyland's two engines factories at Coventry and Birmingham are already on a four-day week because of falling car sales everywhere, and the corporation's big foundry at Wel-

lington in Northamptonshire has said that 500 workers will be laid off from today until after Christmas and that they will return to a four-day week.

Chrysler lay-offs over Christmas will affect 1,000 workers at the Scottish plant in addition to those in the Midlands. By next month the Coventry car plant will have cut weekly vehicle production to 2,200 compared with 3,500 just over a year ago.

Ronald Kershaw writes: Swan Hunter Shipbuilders laid off a further 326 workers last night, bringing the total to 6,198. Together with the electricians on strike there are 6,790 now idle out of a workforce of 10,000 at six Tyneside shipyards.

Guidelines for worker directors

By Patricia Tisdall

A sound business education is essential for workers taking part in top-level management, Lord Watkinson, chairman of Cadbury Schweppes, said last night.

He said it was useless discussing a balance sheet or profit and loss account with people who had not had the chance to understand how such figures should be used.

There were many management schools and colleges that could provide such knowledge. They must be fully used and at the company's expense, he added.

Lord Watkinson was addressing delegates at a Cadbury Schweppes participation conference, which involves 29 elected representatives of all levels of the company's employees. The scheme was set up on an experimental basis earlier this year.

Another essential principle outlined by Lord Watkinson was an elective system for those who represented their fellow employees in direct talks with the board. Those elected must be employees of the company.

US output fall revised to 1.9 pc

From Frank Vogl
Washington, Dec 19

Revised data on the United States economy, published today by the Department of Commerce, will give little encouragement to the Administration, which had hoped the extent of the recession was exaggerated.

In real terms seasonally adjusted the GNP fell in the third quarter by 1.9 per cent, after a 1.6 per cent fall in the second quarter. Earlier provisional figures had indicated a third quarter fall of 2.1 per cent, but the modest improvement in the revised figures was the result of statistical factors.

Most economists—including many within the Administration—now expect the final quarter real data to show an even bigger decline than in the last two years.

The Department of Commerce reports that GNP was now estimated at \$1,415,000m (nearly £620,000m) up \$32,500m from the second quarter.

Other revised department figures today show barely any improvement in company profits

Intervention to save jobs condemned

Government intervention in industry simply to save jobs was a threat to the British economy, Mr Martin Jukes, director-general of the Engineering Employers' Federation, said yesterday.

Speaking to the East Midlands Engineering Employers' Association in Nottingham, Mr Jukes said that there was a movement of labour away from the declining divisions of industry to the prosperous sectors.

On industrial relations, Mr Jukes said that engineering employers were becoming concerned about the radical changes brought about by successive governments in industrial relations legislation.

Directors' cuts: A suggestion that company chiefs should take a 10 per cent cut in their salaries to establish good faith in asking employees to tighten their belts in the fight against inflation, was made in London earlier this week.

It emerged yesterday that the proposal, put to the grand council of the Confederation of British Industry on Wednesday, failed to get endorsement.

Tax change benefit to N Sea companies

By Philip Webster

An important change in the accounting period relating to the valuation of North Sea Oil for petroleum revenue tax purposes was announced by Mr Sheldon, Minister of State, Treasury, yesterday.

The Oil Taxation Bill at present provides for three-monthly valuations, but he told the Commons standing committee considering the Bill amendments would be brought forward to provide for valuation at the midpoint of the calendar month in which the delivery or appropriation of oil took place.

Mr Sheldon's announcement was welcomed by Opposition MPs as a step in the right direction but he was urged to go further and allow for valuation to take place at the time the oil was sold.

Mr Sheldon said licensees who were part of integrated groups would be delivering oil to their associates during the chargeable period. This would entail daily or in some circum-

stances even hourly variations in the oil price. This would be intolerable and the Government had sought to strike a balance between what was the true valuation of the oil and the convenience of the companies.

When the Government came to the part of the Bill dealing with details of the petroleum revenue tax—consultations on which are still taking place—amendments would be introduced that oil disposed of "otherwise than in an arm's length sale," or appropriated to refining, would be valued at the midpoint of the calendar month in which the delivery or appropriation took place.

This would increase the number of valuations required but that was unavoidable to ensure the right balance. Having announced the Government's intention of changing to a monthly valuation for PRT purposes it would be reasonable to expect the same basis of valuation for corporation tax, he added.

Mr Patrick Jenkin, Opposition spokesman on energy, said the Government had made a substantial step in the direction the Opposition had been pressing.

But he wondered whether they were not continuing to exaggerate the problems for oil companies and the revenue of letting valuation proceed on a more natural basis with valuation taking place at the time of the sale. This was a procedure that international companies were well accustomed to when dealing with tax authorities in other importing countries. The Government might still not have gone far enough.

Mr Jenkin later protested at the "slipshod manner" in which the Bill had been presented to the House. He said the Opposition were well on the way to rewriting clause 11, which was considered yesterday, and deals with oil extraction activities and charges on income.

The committee adjourned until after the Christmas recess.

RIBA plan to boost workload for architects

By Malcolm Brown

A five-point plan to boost the architectural profession's workload has been put to the Government by the Royal Institute of British Architects.

In a statement yesterday the RIBA gave a warning that in 1975 the profession could face its worst year for more than a decade.

What distinguishes the present downturn from previous ones is the speed with which the bubble has burst. The last time the profession experienced a similarly sharp cutback was in 1965, but even then it took six quarters for the figures to fall to the extent that they have now fallen in three, the institute says in a memorandum sent to Mr Anthony Crosland, Secretary of State for the Environment.

The institute makes five recommendations:

1. Fiscal measures should be introduced to relieve pressure on the financial reserves of architectural practices.

2. A so-called "moving shelf" of projects on which advance design work can be carried out should be commissioned for all directly-financed Government programmes and nationalised industries.

3. A high proportion of improvement and conversion work should be included in the housing programme.

4. There should be collaboration in Whitehall to start a national programme of work on standards, research, evaluation and detailed assessment of the existing building stock.

5. The Secretary of State should collaborate with the Secretary of State for Trade in setting up an agency for the overseas promotion of comprehensive packages involving building programmes, in which professional services could be more widely and effectively employed.

Business appointments

Key posts for Mr B. Blackwell at Westland

Mr Basil Blackwell has been made a vice-chairman and chief executive of Westland Aircraft. He also became chairman of Westland Helicopters, British Hovercraft Corporation and Westland Engineers. Mr John Speight has been appointed managing director of the company. Dr R. Bright, director of operations for the Sme Darby group, becomes vice-chairman of Sme Darby Limited. Mr P. R. Clayton and Mr A. W. B. Hayward have joined the board of the London company and Mr J. Bennett has been appointed a non-executive director.

Mr W. R. Merton has become chief of Robert Fleming & Co. in succession to Mr R. E. Fleming, who remains a director.

Mr Kenneth Lewis has been appointed managing director of British Steel Corporation, Iran.

Mr P. Scott-Kennedy has been made an executive director and Mr K. McDonald-Moore, a divisional director in Littlewoods chain stores division. In the buying division, Mr R. A. Brice-Jones, Mr B. Paterson and Mr R. J. Warburton become directors. Mr F. Malpass and Mr N. Tolson are appointed divisional directors.

Mr P. C. Robbins and Mr R. W. Taverne have retired from the board of Lewiston International. Mr D. J. H. Slater has relinquished the chairmanship but remains a non-executive director. The board has elected Mr David H. Somerville chairman and chief executive. Mr P. R. Hosken and Mr A. J. Feilden have resigned as joint chief executives.

Mr O. Steel has been appointed chairman of Harp Lager Brewery (Southern) upon Mr K. P. Chapman's retirement.

Mr Cavan Taylor and Mr Ian McIntosh have been appointed to the board of Hamilton Gold Mining Areas as non-executive directors.

Mr James Ramage, secretary of the James Scott Engineering Group, has become financial director of the company.

Mr C. N. C. Crookford and Mr W. D. J. Price have been appointed assistant directors of Keith Shipton Developments.

LETTERS TO THE EDITOR

Paying for lack of rural transport

From Dr Hugh Pincott

Sir, Mr D. G. Lindsay asks (December 6) when we are to see the first express bus on the motorways, or even to hear that such a service is being planned.

Express coaches have been using motorways since the opening of the Preston by-pass in 1956, and the first scheduled long-distance motorway service was operated by Midland Red coinciding with the opening of the M1 in November, 1959.

Today, a casual glance through the winter edition of the *National Express Guide* indicates that of the 255 or so express services in England and Wales, some 85 (one third) travel on motorways for a significant portion of their length. Both the number of services and the proportion on motorways is considerably higher during summer months.

There would be more, but many routes are cross-country, traverse parts of this island not blessed with motorways, or have to serve communities adjacent to them.

The enterprise of the National Bus Company is, however, not limited to providing motorway services in the United Kingdom. This year they went international, introducing services to Amsterdam, Paris, Frankfurt and Athens. If there are profitable diversifications, the NBC seems certain to find them.

Finance Bill's attitude to gifts

From Mr D. M. Stonor

Sir, In his article on Capital Transfer Tax (December 14) Mr Oliver Stanley recommended intending donors to consult their tax advisers before making gifts. This is sound advice, particularly as it would not appear to be safe to rely on Mr Stanley's own interpretation of the latest Finance Bill.

He devoted a considerable amount of space to show how a tax saving could be made by taking advantage of the exemption on gifts to a spouse and making gifts indirectly through the medium of one's spouse.

Unfortunately, the Government appears to have anticipated this loophole, and anti-avoidance provisions are included in clause 39 of the Finance Bill.

Clause 39 deals with "associated operations" and the Inland Revenue's explanatory leaflet on the Finance Bill sums up the intended effect of subsection (3) as follows: "The final words of subsection (3) bear on associated operations effected in part between husband and wife; any exemption allowed in respect of gifts between them is withdrawn if they form part of 'associated operations' which as a whole do not rank for that exemption."

In fact, on a literal construction of the wording of clause 39 (3) it would appear that not only will exemption on gifts between husband and wife be withdrawn where there are associated operations, but an unintended double charge to capital transfer tax will be created.

Perhaps Mr Stanley would care to review his article in the light of clause 39.

Yours faithfully,
D. M. STONOR,
3 Throgmorton Avenue,
London, EC2.

Symptom of inflation

From Mr Jacques Leigh

Sir, Mr David Russell's letter on the symptom of inflation (December 16) reminds me of an old saying used in times of depression:—

"Even the people who never intend to pay have stopped ordering."

Yours faithfully,
JACQUES LEIGH,
6 Carlisle Mansions,
London, SW1.

But Mr Lindsay highlights several of the problems facing the road passenger transport industry today. In 1972 United Kingdom operators completed 34,200 million passenger miles compared with 44,100 million in 1959—a drop of 22.4 per cent, and considerably lower than in the boom years of the early fifties.

As every economist knows, the beneficial and profitable effects of free competition can hardly ever be seen in a shrinking market, and it seems not coincidental that the BCT Group (not renowned for hiring off profitable investments) appeared quite happy to sell their transport interests to the Government voluntarily in 1967.

The formation of the NBC should not be confused with nationalization. Any potential private operator may still apply for and be granted a route licence by the area traffic commissioners if they can be satisfied that what he wants to do is in the public interest, and that he is able to carry it out competently.

But not all areas possess independents willing or able to run good and reliable stage services. Since public subsidies to rural bus routes are currently £3m per annum, the NBC is often delighted to transfer some of its routes to private operators.

Heat pumps as fuel savers

From Dr R. J. Baker

Sir, Heat Pumps as energy savers? I read with interest the recent letter from Professor Kurt about heat pumps as fuel savers (December 5). While agreeing in principle with all that was said, I feel certain qualifying remarks are necessary.

First, although domestic heat pumps may under certain conditions produce three times more heat than the electrical power consumed, the typical annual operating figure is unlikely to exceed two. Unfortunately, heat pumps are most inefficient when they are most needed—during cold spells—and then they usually rely upon electrical heating for boosting anyway.

Secondly, it is important to appreciate that however one method may appear more efficient than another, there is always a cost element involved which reflects the effort (or energy) expended in turning that method into a commercial product.

Modern heat pumps, for example, may be up to twenty times more costly than an electrical heater of the same thermal rating. Similar arguments may be applied to many of the more fashionable energy conservation methods.

It is necessary, therefore, in all these cases to establish not only the technical but also the economic merit of each conservation scheme so that the true benefit in energy savings (rather than just fuel savings) may be realized.

In the past the heat pump has found many justifiable applications and no doubt in the present climate of escalating fuel prices it will find even more. The technical advantages of any energy

scheme must not be considered in isolation from the economic factors.

Yours faithfully,
ROBERT J. BAKER,
27 Harcourt House,
19 Cavendish Square,
London W1.

From Mr P. L. Martin
Sir, Your correspondent M. Stobart (November 27) rightly draws attention to the fact that an electrically driven heat pump is little more than an expensive device to retrieve from a waste heat source the energy dissipated by the inefficient operation of a power station.

From raw fuel to useful heat, therefore, the performance coefficient is no more than unity (ie 100 per cent efficiency). However, in the sense of energy conservation, it is obvious better that 100 kw of useful heat be produced by—say—1 kw of electrical power than provide that heat by resistive heaters using 100 kw of electrical power.

Mr Stobart refers to a recent United States patent granted for a heat pump integral to a prime mover. Such a concept is by no means new, however, since, for example, such a plant was installed at Nuffield College, Oxford some fifteen years ago.

In this case the base heat source to the pump was sewage and the drive was provided by a 5 litre BMC 105 engine. Test results showed the useful heat output to be 1.1, which included heat recovered from the engine, such as to produce a performance coefficient of 1.7 (ie per cent efficiency).

Yours sincerely,
P. L. MARTIN,
Oscar Faber & Partners,
18 Upper Marlborough Road,
St Albans, Hertfordshire.

Mitchell Cotts Group Limited

1973/74 Results



Chairman—Mr. J. K. Dick C.B.E., F.C.A.

	£'000	Increase over 1972/73
Profit before Interest and Taxation	10,649	33%
Profit before Taxation	9,147	34%
Funds Employed	53,298	19%
Return on Funds Employed	20%	12%

Earnings per Ordinary Share 7.53 pence

Dividends per Ordinary Share

Interim—	0.656 pence
Proposed Final—	2.114 pence
Total for the year—	2.770 pence

Dividend Cover 2.65 times

Principal activities of the Mitchell Cotts Group

Engineering	40%
Agriculture	24%
Transport, Shipping & Storage	24%
Vehicle Distribution	6%
Commodity Trading	6%

Profit Contribution

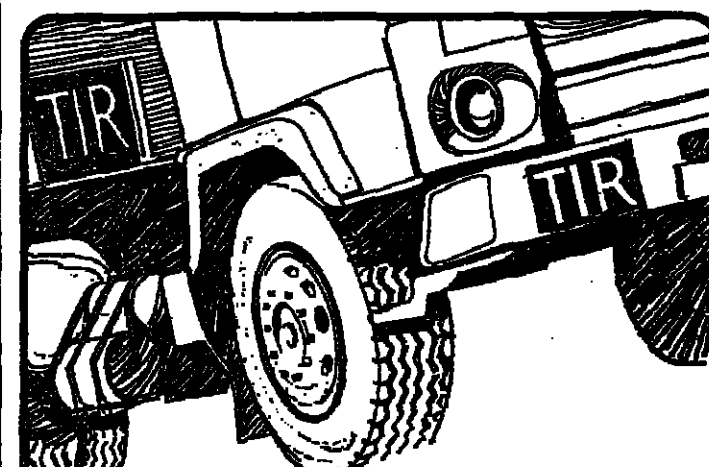
100%



Mitchell Cotts Group Limited,
Cotts House, Camomile Street, London, EC3A 7BJ.
Telephone: 01-283 1234

For a copy of the annual report and accounts please contact the Secretary

مكتبة الأصل



Smoothing the road to Europe

What are the latest design developments in TIR trailers? If you operate British equipment on the continent do you get quick servicing? What are repair facilities like in Europe right now? Is the TIR kangaroo low load system on French Railways improving? How are West German hauliers organised to operate in the international market?

If you're in international haulage you need this issue now!
Motor Transport
WITH EUROPE SUPPLEMENT
Out today 10p

Britain's Top 1000 Private Companies

compiled by Financial Analysis Group Ltd.

Keyser Ullmann Bankers

At last, vital financial information about BRITAIN'S TOP 1000 PRIVATE COMPANIES

- Which are the leading Private Companies?
- How healthy are they financially?
- Which companies are most profitable, efficient, liquid?
- Which industries appear at the top of the league?
- What is the financial performance of your private company competitors, suppliers, customers?

This book gives the following information on each company: name, address, main activities, chief executive, sales, net capital employed, pre-interest profit, net cash flow, stock and work in progress, exports, employees (nos., average all total remuneration), cash and near cash.

Performance ratios by which to judge efficiency: profit, net capital employed, profit/sales, sales/net capital employed, net cash flow/net capital employed, stock at work in progress/sales, exports/sales, cash and near cash, current liabilities.

The companies are ranked according to size of turnover and several smaller league tables are also given.

This book can make an important contribution to your financial planning, marketing, credit assessment and other dealings with Private companies.

ORDER FORM
Graham/Trotman/Dudley Publishers Ltd
Department F, 20 Foubert's Place, London, W1
Reg. in England, reg. no. 1055065. Telephone: 01-439 400

Please send me copies of BRITAIN'S TOP 1000 PRIVATE COMPANIES, price £9 (£21 plus £3 if airmail required) each.

I enclose a cheque for /please bill me.

Please send me further details (tick)

Name (Block Letters Please)

Position

Organisation

Address

Signed Date Order No.

BY THE FINANCIAL EDITOR

Rents: half an answer for the banks

There should be a sigh of relief from the banking system after the announcement that the commercial rent freeze is to be discarded entirely in the new year. But the relief should be tempered by the knowledge that this is only a partial answer to the banking system's problems for which a high price may ultimately have to be paid.

The social contract is a flimsy enough arrangement as it is. Whether it is a surprise such as the move to prop up the financial system is open to doubt. There is, moreover, a danger that lifting the rent freeze could have as many unexpected consequences as the imposition of controls in the first place.

Troubles for the banking system arise from the disproportionate increase in its lending to property during the monetary boom between 1971/73. Lending to the property and construction sectors soared from less than £1,000m in 1971 to around £5,000m at the latest official count. Much of the money was used to finance purchases of property on a deficit basis on the assumption that values would continue to rise indefinitely.

Lifting the rent freeze will only affect the income position of those companies whose property purchases or developments depended on an early rent review to show an income surplus. Few developers should have had degree of caution during the boom, so the crucial question is whether property companies running at a cash deficit will be able to sell off sufficient properties to make good the shortfall.

Rowley's products, and has come up with results for the half-year to end-September which are very much in line with expectations.

True, the 8.2 per cent decline pre-tax is after taking in a credit of £536,000 on retrospective margin awards, as against £159,000 last time. Even so, in the context of extremely good trading in the corresponding period, any weakness is evidently well contained. The worst of the supply problems should be over in the wake of the Government's big October increase in payments to dairy farmers; and for all the chairman's reluctance to forecast, the outcome for the year should not fall far short of £15.23m pre-tax achieved last time.

Not that this necessarily means the share price will be the yield at 25p is a likely 14.1 per cent, and the cover is sound. For last year's big increase in borrowings, which went to finance higher working capital, is now showing through in the profit and loss account: interest on short-term loans is up from £834,000 to £2,050m, bringing the total charge up by 53.3 per cent to £3.36m. The group is now trimming its working capital requirements, and capital spending plans, and the growth rate to the end of the year will be lower: all the same, the level of borrowings is likely to inhibit dividend increases short term, and meantime investors can find equally safe and rather higher returns elsewhere.

Interim: 1973-74 (1972-73)
Capitalization £41.3m
Sales £265m (£235m)
Pre-tax profits £7.82m (£5.81m)
Dividend gross 1.49p (1.43p)

Stenhouse Dominion's drain

It was clear that extraordinary losses arising out of the disposal of Dominion Buildings would more than exceed Stenhouse's earnings, and that the final dividend could have been in danger. So the 2p rise in the shares to 30p was due to relief at an unchanged final payout, which leaves the yield at 15.4 per cent.

But, disconcerting though the £3.7m provision below the line is, the pre-tax total is better than the market was anticipating. Industrial interests, 32 per cent down at the interim, bounced back in the second half to finish the year 10 per cent to the good at £15m. The insurance broking interests, meanwhile, maintained their first half momentum to emerge 26 per cent up.

This is only part of the story, however. The net effect of the Dominion Buildings deal will be to impose a drain upon Stenhouse's earnings for at least the next two years. Outside estimates suggest this could amount to almost 11p a share which, applied to last year, would leave the shares selling at 41 times earnings. With the rest of the sector yielding around 12 per cent and standing on a p/e ratio of just over 5 Stenhouse is thus selling at a discount, but probably no more than its industrial involvement justifies.

Final: 1973-74 (1972-73)
Capitalization £9.3m
Pre-tax profits £5.28m (£4.45m)
Earnings per share 8.1p (7.3p)
Dividend gross 4.66p (4.57p)

H. P. Bulmer Coming under pressure

H. P. Bulmer's shares responded to news of halved interim profits by falling 4p to a new low of 19p yesterday. Moreover,

there was no forecast about the outcome for the full year. The summer months are traditionally the high profit earners, and there are several explanations for the setback.

Continuing bottle shortages, exacerbated by the growth of the home-brewing industry, led to an extra £450,000 of costly imports. Meanwhile, volume sales of cider grew by only 1 per cent due to poor summer weather, while interest charges, £288,000 higher at £469,000, reflected the year-end and the possible necessity to import alternative supplies with depreciating sterling. Further damage was caused by a £31,000 fall in property development profits, and by £25,000 increase in orchard development costs.

A 14 per cent price increase in September coupled with a 10 per cent volume improvement will provide some stability in the closing six months. With another, smaller price adjustment likely in January. But as an offset, advertising costs are up another 10 per cent.

One source, though, is that borrowings by the year-end are expected to be usefully below last year's £4.7m, helped by a £350,000 stock appreciation clawback. But a yield of 19 per cent on a maintained dividend and a p/e ratio of around 5 offers little investment scope in the immediate future.

Interim: 1974-75 (1973-74)
Capitalization £1.9m
Sales £8.8m (£7.71m)
Pre-tax profits £0.45m (£0.87m)
Dividend gross 1.31p (1.25p)

Letraset Returning to earth

One-time high flier Letraset has returned to earth. At the turn of the year the shares were 95p, supported by a 119 per cent rise in 1972/73 profits; a 45 per cent jump in 1973-74, and a 10 per cent overseas sales content.

Yesterday, after fears of what happens when a key United Kingdom patent expires in January and rumoured share sales from the boardroom the shares fell 4p to the year's low of 20p. It was prompted by news that pre-tax profits slipped 18 per cent in the half year to October 31.

First quarter hopes were dashed by retailer destocking. Profits will fall this full year, and at the end of October 9 per cent of the staff were made redundant. Several directors have lightened their holdings a bit, but the share price is still above the 20p level.

Letraset claims that the key United Kingdom patent accounts for only 10 per cent of United Kingdom business; and that its grip on retailers is much more important. The argument is that competitors have been trying with little success to get retailers to take on new lines which is something few want to do right now.

But the group has a one-product image and no new ones are on the way; the world trade slowdown, especially in the United States market (30 per cent of foreign business) shows no sign of picking up; and the half-year's 47 per cent rise in sales and the profits fall tells us about margins. If Letraset makes, say, £2.1m this year against £2.7m, the p/e ratio would be about 4.3 and the yield at best 10 per cent. These returns give the shares little support.

Interim: 1974-75 (1973-74)
Capitalization £3.45m
Sales £8.14m (£5.56m)
Pre-tax profits £905,000 (£1.1m)
Dividend gross 0.55p (0.49p)

Over the past few weeks there has been an unusual, almost uncanny silence from Whitehall about the British Steel Corporation's plans for implementing a large increase in its list prices from the beginning of next year. Indeed, the silence has been so deafening that the corporation's prices experts may have believed that the evidence provided in their detailed submission to the Government was sufficient to have removed the need for further action at that time.

It was not until Tuesday of this week that the corporation began a flurry of activity which indicated that progress was at last being made. Members of the British Independent Steel Producers Association (BISPA), whose prices traditionally follow those of the dominant BSC, were nevertheless obliged to cancel plans for a price discussion because the BSC had not disclosed by how much it was going to raise prices in the new year.

The British Government technically has no power over the BSC's pricing policies, since under the rules of the European Coal and Steel Community, the corporation has complete freedom of movement in this area. But traditionally the EC has come under Whitehall pressure to cur the scale of planned increases and the latest rise appears to have been no exception.

On this occasion, however, the government's market-developing throughout the world the state steel undertaking may have been more willing to accept a lower overall average increase than it had originally contemplated. It would be in a position to resist the EC's demand in the first half of the new year with a fresh application if market conditions would permit such a rise.

Revised price lists have been printed for some time and after

a meeting between Lord Besswick, the industry's sponsoring minister, and Dr Monty Finniston, the BSC chairman, on Wednesday, senior officials from BSC rushed to Brussels to plead a case for the increases to be implemented from January 1. There has been wide speculation that the corporation was after increases of between 20 and 25 per cent—never denied by the corporation—and as long ago as October senior executives considered that even higher increases were justifiable. The grounds for these were the huge costs which had been incurred since the last round of increases announced in this year's March Budget when the average rise amounted to 25 per cent.

Yesterday's announcement implies an increase in revenue of about 20 per cent.

In recent weeks the market has softened markedly, although as a result of difficulties in the earlier part of the year involving plant breakdowns, labour disputes and shortages of coal and scrap, the BSC has been under constant attack for failing to meet the demand from domestic customers. Re-rollers have been so short of billets that many have been operating on a reduced scale for the last few weeks.

While the BSC's inability to meet the home demand has been reflected in a 64 per cent increase in imports in the first 10 months of this year compared with the corresponding period of last year, the corporation emphasized that the corporation was after "significant" increases when he announced an 82m first-half profit. The increase was due to the start of the big surge in costs since the last price revision and he gave warning that next year would provide the BSC with a tough test.

As its contribution to the

social contract the state steel undertaking agreed not to increase prices again in 1974 after the March increase, unless there was an unexpected rise in the cost of imported raw materials. But by the end of the half-year costs had risen alarmingly, and with more in prospect the sizable increases could not be deferred until later in the new year.

What then are the cost pressures through which the BSC has sought to justify its increases?

Scrap, which in the early part of the year was a major constraint on production, has risen in price by some 60 per cent since April. The BSC's own cost of scrap has risen by a similar amount, and the closing of the pricing system designed to generate more scrap gave this a useful boost, while booming demand throughout the world was another factor.

The EEC transitional period for "serious scrap ends early in the new year and this will enable United Kingdom scrap producers to engage in free trade with EEC countries. Only a few weeks ago the corporation was expecting a further rise in scrap prices at that point but this now seems less likely.

United Kingdom scrap prices, allowing for the transport factor, are now not far out of line with those elsewhere in Europe where prices are now easing back significantly.

Apart from the shortages and poor qualities received in the aftermath of the miners' strike, the BSC has also had to contend with a 38 per cent increase in coal prices from the National Coal Board, while imported coal costs have increased by 60 per cent since the start of its current financial year.

Iron ore, virtually all of which has to be imported, has increased by 33 per cent since the beginning of 1974 and the overseas suppliers are consider-



Dr Monty Finniston, BSC chairman: need to cover a big surge in costs.

ing further increases of up to 50 per cent early in 1975.

As if this was not enough, the Government's commitment to allow the nationalized industries to operate on a more "commercial" basis and gradually phase out deficit financing in the state sector implies a further cost burden for the BSC in the form of higher coal, gas, electricity and transport charges.

Without adequate increases to cover these cost burdens the corporation, which has only recently emerged into a profit-making position, could well find itself back in the red again next year. Its ability to meet the statutory target of an 8 per cent return on net assets in the period to 1978-79 would be seriously threatened, as would its objective of funding a large part of its 10-year development programme—which still hangs in the balance—from its own resources.

While the increase obtained by the BSC may be less than it might have hoped for, it is not surprising. It will be interesting to see how the private sector reacts. Generally speaking, private sector prices were 15 per cent above the BSC's and the view of many BISPA members is that a 20 per cent increase could be justified on costs grounds alone.

Peter Hill

Using the tides to generate electricity

Kenneth Owen discusses the results of a fresh assessment by the CEBG

Both good news and bad news emerged this week from the research department of the Central Electricity Generating Board.

The good news: that electricity equal to one-tenth of the board's present annual output could be provided by a single scheme which would use a fuel which is free and inexhaustible. The bad news: the scheme would cost about £2,000m to implement.

The subject of the research department's interest is the proposed barrage across the Severn Estuary, which would harness tidal power and store off-peak energy from nuclear power stations. The idea is not new, but the results of the CEBG's latest assessment give a boost to the prospects for such a scheme.

At a private meeting at Bristol University earlier this week, the CEBG's findings were discussed by a group of senior specialists concerned with the design aspects of the scheme, including engineering, power generation, economics, geography, shipping, water resources, transport and recreation.

In its simplest form a tidal barrage is a single dam-like structure built across an appropriate river estuary (the Severn estuary is particularly appropriate because its range from high to low tide is very large). The barrage contains locks through which ships can pass and a number of underwater turbines are built into the structure.

As the tide comes in, the incoming water drives the turbines and generates electricity. It does the same in the reverse direction as the tide goes out. There is no generation for a period on each side of high and low water.

To this basic theme a number of variations can be added. During the inactive periods, for example, the turbines can be driven pumps (by an outside source of power) to raise or lower the level of water in the basin behind the barrage. The basin itself can be

energy sources. It would also benefit the ports in the estuary, which would be able to handle more and larger ships.

Water sports in the area would also benefit, and there would be advantages in having a dual-carriageway road across the barrage (which might be from near Weston-super-Mare to near Cardiff, or from near Watchet to near Barry).

Against this, there would be drainage problems in the low-lying areas of land on each side of the estuary. Pumping would have to replace gravity for draining these areas and the uplands drainage channels also would have to be improved and embanked. (This could result in an improvement in the value of the low-lying land.)

There are also potential problems of pollution. A barrage would slow down the process by which sewage and industrial effluents are diluted in the estuary. Stricter anti-pollution measures (by the industrial concerns whose effluents are discharged into the estuary, in particular) would have to be enforced by the water authorities.

In a recent paper, E. M. Hughes, of the CEBG's Marchwood Engineering Laboratories, summed up as follows: "It is clear that tidal power is not a heaven-sent answer to all our energy needs, but it could make a contribution equivalent to perhaps 10 steam-generating heavy-water nuclear reactors at, say, three or four stations.

realistic cost be obtained by seeking contractors' tenders. A barrage scheme could make an important contribution to electricity generation and storage, with the added benefit of diversifying Britain's national

IDA Ireland
INDUSTRIAL DEVELOPMENT AUTHORITY

Republic of Ireland sets new records for industrial expansion

Overseas companies made a record level of investment in industrial projects in Ireland during the twelve months ended March, 1974. New and expanding industries more than doubled the previous year's record with a total investment of £300 million, 25% of which will be provided by IDA in non-repayable cash grants toward the cost of fixed assets.

A record 23,000 new jobs were created, exceeding the combined total of the previous two years. A further 21,000 jobs will be added by the end of 1974.

Co-operative training programmes are being implemented to meet the high demand for skilled technicians and workers.

Manufacturing output rose 9.3% compared with 7.5% in 1972/73. One-third of total output was exported, raising industrial export levels 20% to a record £366 million.

The EEC (Common Market) predicts that Ireland's GNP will grow 5% a year up to 1978, putting our growth prospects second only to France (5.5%) and Italy (5.3%) within the European Community.

Industrial relations continue to improve under successive national wage agreements. Days lost through strikes fell to 350 days a year per 1,000 workers. The Republic retains a significant wage-cost advantage over other European countries.

The IDA's national land bank for future industrial needs has now reached 3,000 acres of selected sites. Investment in land and advance factories doubled to £8.2 million.

JOHN H. DONOVAN, Chairman
Industrial Development Authority of Ireland
Industrial Development Authority
28 Bruton Street, London W1X 7DB

Business Diary: Publish and be in demand • Steel for Iran

area of the Christmas industry not to suffer from the seasonal slump is the diary, according to Denis Myers, a man who should know.

Mr Myers is chairman of the Publishers' Association and a director of diary publishers Charles Letts and Co, produced their first dated serial diary in 1812. "I have been in the business of delivering customers the diary publisher's special edition," he says, "the ones firms send to us which are associated with the members, commissioned and set up in the year before the boom set in."

Denis Healey's prediction last week that things are going to get any better at the end of next year or disconcerted Myers. "I what will happen next," he said, "is that people will be given other sorts of gifts which will now turn up, while those, like the diary, have already gone away will merely turn to cheaper varieties of the thing."

For this year, Myers says the diary business is about 10 per cent better in real terms than last year and he is that it is very much the same with his four DPA members. Diary publishers, he did similarly well in 1973-1974 recession.

There is an association of more than 20 million a year, of which a few overseas as direct by customers and to overseas agents for purposes.

About six in 10 of the diaries produced are for sale in shops and the rest are bought by firms or schools, either as gifts or for resale. Prices this year range from about 35p for what Myers calls an "acceptable" gift diary, to 55p to 65p for a flash executive job.

Letts, who make nearly half the diaries published in this country, think that their 1812 model—made for the convenience of City merchants—is the first example of a diary in which the dates were already printed.

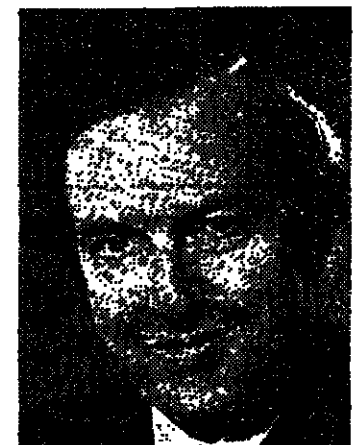
Previously, people had written in their own dates as they went along.

Surprisingly enough, for what seems to be a lively business in fair weather and foul publishers were slow to latch on to the possibilities of the special edition market. Myers's company was making Boy Scout and Girl Guide diaries by the early 1900s, but it was not until after the First World War that diaries caught on as a gift and publicity device.

On the move

The British Steel Corporation is sending Kenneth Lewis out to Tehran to head the Iranian subsidiary of BSC (International), the corporation's umbrella company which looks after its overseas operations.

Lewis's appointment is significant, it indicates that the BSC's involvement in the Iranian steel industry is at long last beginning to move toward fruition, although there has been a deadly silence on the project. This latter is linked to the establishment of a one million tonnes per year cold



BSC's Kenneth Lewis: Tehran bound.

rolling mill in partnership with Iranian investors from both the public and the private sectors.

Apart from this project the BSC has been participating in feasibility studies which could lead to its becoming involved in an even more ambitious steel-works scheme in Iran. Other big steel-makers have been showing an increasing interest in the Iranian potential and clearly one of Lewis's responsibilities will be to ensure that Britain gets in on the ground floor.

He joined the English Steel Corporation 21 years ago and was a director of the company when it was nationalized in 1967. He has also been a director of the forges, foundries and engineering group of the corporation's special steels division at Sheffield and became the first holder of the Master Cutler's mantle to be elected from the nationalized sector in 1973-74.

Now 46, Lewis has been director, special duties, at the BSC's London headquarters, since last year, a position which enabled him to carry out the Master Cutler's duties and at the same time linked him very firmly to chairman Monty Finniston's office. With age on his side and the opportunity now to be given his head in a challenging arena there are those who see him rising yet higher.

Expanding

Warren Hutchins has presided over the International department of Citicorp International Bank since its formation about two years ago. In that time he has built it into probably the biggest and most aggressive syndicator of loans in the Euro-currency market.

So, on the face of it, it is odd for him to be moving to Merrill Lynch-Brown Shipley Bank, one of the smaller of the consortium banks with assets at mid-year of under £35m.

But life at Merrill Lynch-Brown Shipley is very different from life at Citicorp, which, although a subsidiary bank with its own capital structure, operates very much as a department of its mighty parent, First National City Bank.

reducing its dependence on brokerage income.

For Hutchins, who is from South Carolina, it will mean more independence than he knew at Citicorp and the opportunity to build up an operation almost from scratch.

Compensation

Mrs Edwina Coven, whose two attempts to become the City's first woman Alderman failed by her selection by the Court of Aldermen, has won a modest compensation. After Wednesday's annual ward elections for the Court of Common Council, at which she was re-elected as one of the four councillors for Dowgate ward, Mrs Coven has been nominated as the first Deputy to the Alderman by the Alderman, Christopher Leaver.

Leaver, 37-year-old wine merchant, became the Alderman for Dowgate when Mrs Coven decided not to contest the aldermanic election in her ward for the third time.

For Mrs Coven, who when goddess columnist for the magazine *She* once danced with the Bluebells in Paris, said her appointment was "absolutely delightful".

It gave me the opportunity to serve the city in a new capacity. It is one step up, not the final step, but it must make the final step easier for the next woman", she said yesterday.

She believed that the appointment showed that progress was being made in the City. In the elections for the Court of Common Council, Mrs Ivy Sharp became the fourth woman member of the court. Mrs Sharp, who will represent Queenhithe, edits the magazine *For Review*.

Higher Vaux interim as profits weaken

[illegible]

Stock Exchange Prices

Late rise in property shares

ACCOUNT DAYS: Dealings Began Dec 9. Dealings End Dec 23. § Contango Day, Dec 24. Settlement Day, Jan 7.
§ Forward bargains are permitted on two previous days.

For Really Discerning Drinkers

HIGH & DRY

Really Dry Gin



HINE

connoisseurs' cognac

[illegible]

